

AC Insights

Insights for reviewing financial reports

Perspectives on
corporate financial
reporting using
US GAAP

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CAMs: Coming to audit reports

Audit reports of some SEC issuers will begin to include a section for critical audit matters (CAMs) for audits of financial years ending on or after June 30, 2019. The objective of reporting CAMs is to enhance the auditor's report by providing audit-specific information about challenging, subjective, or complex matters identified and addressed by the auditor.

The reporting of CAMs is a major change to auditor's reports introduced by PCAOB Auditing Standard 3101: *The Auditor's Report on an Audit of Financial Statements When the Auditor Expresses an Unqualified Opinion*. The first phase of implementation of the new section in the auditor's report will be for SEC registrants that are large accelerated filers for periods ending on or after June 30, 2019. Certain Canadian SEC registrants qualify as large accelerated filers and the auditor's reports for those registrants prepared using PCAOB Standards will report CAMs.

Canadian generally accepted auditing standards will require auditors to report key audit matters (KAMs) for audits of financial years ending on or after December 15, 2020. While there is a similarity in the purpose of reporting and the criteria for determining CAMs and KAMs, some KAMs may not be CAMs. KAMs include all matters relevant to the audit, whereas CAMs are only those that directly relate to accounts and disclosures in the financial statements.

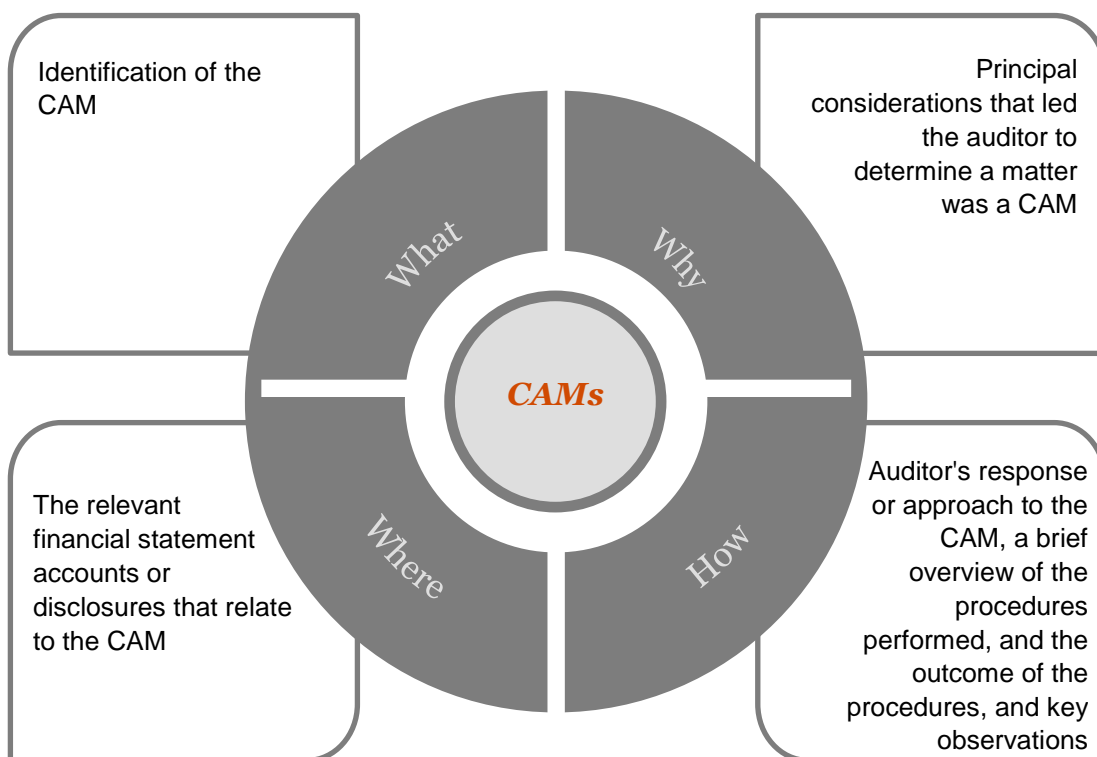
The basics

A CAM is any matter arising from the audit of the financial statements that was communicated to or is required to be communicated to the audit committee and that:

- relates to accounts or disclosures that are material to the financial statements (including a component of a material account or disclosure, or many accounts or disclosures), and
- involved especially challenging, subjective, or complex auditor judgment.

The auditor's report will report CAMs under a section labelled "Critical Audit Matters". The section will include a standard introductory paragraph explaining what CAMs are, and certain limitations on the reporting of CAMs. Each CAM will be specifically communicated in the section and cover the four elements shown in the chart below.

among companies in the same industry, comparisons of CAMs among issuers may be difficult because CAMs will reflect the particular circumstances of the issuer and the judgments made by the auditor.



CAMs are only reported for the audit of the current period financial statements. CAMs may be recurring. Disclosures about recurring CAMs are required in each auditor's report, tailored to the specific facts and circumstances affecting the CAM for the particular period.

The drafting of CAMs will be challenging. Auditors will need to concisely convey why a matter is a CAM and describe how it was addressed in the audit in an informative, but not overly technical manner. Further, CAMs are not expected to duplicate information in a company's disclosures, unless necessary to understand the CAM.

What to expect

Identification of CAMs

CAMs are expected to be specific and unique to each issuer. It is possible the auditor may not identify any CAMs; however, this is expected to be rare. While there may be some similarities

Auditors will consider a number of factors in determining whether a matter is a CAM, including, but not limited to, the assessed risks, the degree of auditor judgment required for certain areas of financial statements, significant unusual transactions, the degree of auditor subjectivity in applying audit procedures, the nature and extent of audit effort required, and the nature of audit evidence obtained.

The more common CAMs will be those accounts or disclosures involving a high degree of measurement uncertainty and significant management judgment, resulting in especially challenging, subjective, or complex auditor judgment. Examples of potential areas that might result in CAMs are goodwill and intangible asset impairment, accounting for business combinations, certain aspects of revenue recognition, accounting for income taxes, valuation of certain financial assets and liabilities, and estimation of provisions.

Companies are required to disclose critical accounting estimates in their MD&A. While these estimates are considered critical, they may not necessarily involve challenging, subjective or complex auditor judgment and may not be CAMs. The facts and circumstances surrounding each critical accounting estimate will determine whether they are CAMs.

Auditors identify and communicate to the audit committee significant risks of material misstatement in the financial statements. Significant risks that do not involve especially challenging, subjective, or complex auditor judgment are not CAMs.

A significant deficiency in internal control over financial reporting is not a CAM because the deficiency is not disclosed in the financial statements. However, a significant deficiency in ICFR may be a consideration in determining whether a matter is a CAM.

Why a matter is a CAM?

The auditor's report will include a clear, concise, and understandable discussion of why a matter is a CAM focusing on the specific circumstances affecting the company. Auditors are encouraged to avoid standardized boilerplate language.

A description of principal considerations might include valuation techniques or estimation methods used by the issuer, the extent of subjectivity in any assumptions used, conditions (market, product, regulatory, or other) that contributed to the challenges, subjectivity, or complexity in making judgments; and the nature of specialized skills or knowledge required in addressing the CAM.

How was the CAM addressed?

The auditor explains how the auditor addressed the CAM by describing the specific procedures applied in the audit that responded to the primary considerations used in identifying the matter as a CAM. The description would not include general statements of procedures that are performed in most audits or to the most significant areas of an audit. The discussion should reflect the auditor's response or approach that was most relevant to

the CAM and focus on procedures applied to evaluate significant assumptions; to test controls relied on to address the risks related to the CAM, or the nature and extent of the involvement of specialists.

Auditors may describe the outcome of the audit procedures or key observations about the CAM in the auditor's report. However, the disclosure of the results or key observations does not imply a separate opinion on the CAM or the accounts or disclosures covered by the CAM.

The disclosure of CAMs will generally provide information about the company that is publicly available unless additional information is needed to describe the CAM.

Accounts and disclosures affected by the CAM

The disclosures about a CAM would reference all of the relevant financial statement accounts or disclosures that relate to a CAM. There may be single or multiple items pertinent to a CAM.

Understanding the process and investor questions

Stakeholders may ask management and the audit committee questions about CAMs included in the auditor's report. To respond to enquiries, management and the audit committee will need a clear understanding of the auditor's process for identifying and communicating CAMs and why the matters reported involved especially challenging, subjective, or complex auditor judgment.

Critical to developing this understanding will be early communications between the auditors, management, and the audit committee, so all parties have a clear understanding of the auditor's process of identifying and drafting CAMs. This process will also allow management to address the need for any modifications to disclosures. Dry runs carried out by audit firms during 2019 have indicated that early communications are beneficial to a smooth process in implementing this significant change to auditor reporting.

FASB update

During the Spring of 2019, the FASB issued two ASUs, which amended various standards to clarify and improve recent guidance issued by the FASB on recognition and measurement of financial instruments, credit losses and hedge accounting. These changes resulting from stakeholder questions and concerns arising from implementation of these recently issued standards. A summary of these changes is outlined below.

During the second quarter of 2019, the Board focused its work on its broad project considering the accounting for convertible debt and preferred securities, which will consider how to simplify and improve the complex accounting for these types of securities issued by companies. The FASB also continued its efforts to address issues arising from the implementations of its ASUs for financial instruments, improvements to segment reporting, and simplification to income tax accounting. The three conceptual framework projects covering elements of financial statements, measurement, and reporting of financial performance were also discussed during the most recently completed quarter.

Housekeeping amendments for financial instruments

In May 2019, the FASB issued several amendments to its standards for financial instruments to make clarifications, corrections, and improvements.

ASU 2019-05: *Targeted Transition Relief* amends the standard on *Financial Instruments – Credit Losses* to ease the transition to the new credit losses standard for some entities. The new credit losses standard is effective for fiscal years beginning after December 15, 2021.

ASU 2019-04: *Codification Improvements to Topic 326, Financial Instruments – Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments* clarifies, corrects, and improves standards dealing with the recognition, measurement, and disclosure of financial instruments, including the measurement of credit losses and accounting for hedging activities.

Credit losses *Transition relief*

ASU 2019-05 will allow companies to elect irrevocably to measure certain types of financial assets, currently measured at amortized cost, at fair

value when the new credit losses standard is adopted.

This change addresses concerns about lack of comparability raised by companies that have or plan to elect the fair value option to measure newly originated or purchased financial assets historically measured at amortized cost. This change will allow both existing and future financial assets to be measured on the same basis once the new credit losses standard is adopted.

The election will not apply to debt securities classified as available for sale or held to maturity. Further, entities will not be able to discontinue the fair value option previously elected.

The amendment will be effective on the same date as the new credit losses standard. For those institutions that have already adopted the credit losses standard, the new ASU is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. Early adoption is permitted.

Changes for issues raised at TRG

Amendments and clarifications to the new credit losses standard address stakeholders' issues raised at the Transition Resource Group meetings. These changes deal with: impairment of the accrued interest component of financial assets accounted for using amortized cost; impairment of financial assets when the financial assets are reclassified (held-for-sale and other classifications); inclusion of estimated recoveries; measuring impairment of variable-rate instruments; impact of expected prepayments; the impact of costs to sell when using the fair value of collateral because foreclosure is probable; vintage disclosures of line-of-credit arrangements converted to term loans; and the effect of extension and renewal options in determining the contractual term of a financial asset.

The amendments to the credit losses standard are effective when the standard is adopted. For entities that have adopted the credit losses standard, the changes are effective for years beginning after December 15, 2019. The ASU includes specific transition provisions for each standard.

Derivatives and hedging

ASU 2019-04 included amendments to the recent improvements to the derivatives and hedging standard to address specific implementation issues raised by stakeholders dealing with: partial-term fair value hedge of interest rate risk; amortization of the

fair value basis adjustment; disclosures about hedged available for sale debt securities; application of hypothetical derivative method and contractually specified rates; application of a first-payments-received cash flow hedging technique; and certain transition guidance.

The amendments to the derivatives and hedging standard are effective when those standards are adopted. For entities that have adopted the hedging accounting improvements, the changes are effective for the first annual period beginning after the issuance of this ASU. The ASU includes specific transition provisions for each standard.

Recognition and measurement of financial assets

ASU 2019-04 clarifies that equity securities without a readily determinable fair value are required to be remeasured at fair value when an orderly transaction is identified for an identical or similar investment of the same issuer. Further, historical exchange rates as of the later of the acquisition date and the most recent date of adjustment to fair value are to be used to remeasure these securities.

The ASU also clarified certain conforming amendments to other standards and scope clarifications.

These amendments are effective for fiscal years beginning after December 15, 2019. The ASU includes specific transition provisions for each standard.

CSA regulatory update

Expediting review of short-form prospectuses for miners

In June 2019, the OSC announced that mining issuers might now request reviews of mining disclosures before filing preliminary short-form prospectuses. This new review process should help to resolve disclosure issues earlier in the process and avoid potential costly delays in making an offering.

The pre-filing reviews will cover technical disclosures in documents filed on SEDAR and disclosure in the mining issuer's websites, including the annual information form, news releases, material change reports, current technical reports, and investors' presentations.



Mining issuers will have to apply for the pre-filing review using the OSC's electronic filings portal and

pay the prospectus pre-filing fee. These applications should be made at least ten days before the anticipated filing date of the preliminary prospectus. The timing of the review will depend on the issuer's current disclosures and the volume of prospectus and pre-filing reviews.

These new measures should reduce some of the execution risk in an offering by a mining issuer by resolving material disclosure issues earlier in the offering process.

Updating electronic filing systems

The CSA will be introducing a new comprehensive system (Renewed System) to replace all current CSA and specific provincial ancillary electronic filing systems. The Renewed System will be implemented in 4 phases starting in early 2021.

The first phase (Phase 1) will replace SEDAR, the National Cease Trade Order Database, the Disciplined List, and portions of the British Columbia Securities Commission eServices system and the Ontario Securities Commission Electronic Filing Portal. Filings made on legacy systems by issuers, including foreign issuers, will be incorporated into the Renewed System in Phase 1. Phase 1 will also include all applications and pre-filings previously filed on provincial electronic systems or by email, courier or post. These filings would cover applications for exemptions from a provision of securities legislation; designation as a reporting issuer, mutual fund or non-redeemable investment fund; ceasing to be a

reporting issuer; and a full or partial revocation of a cease trade order, or management cease trade order.

Future phases of the Renewed System will address filings made by insiders, registrants; derivatives market participants and regulated entities (such as marketplaces, self-regulatory bodies and clearing agencies).

In preparation for Phase 1 implementation, in April 2019, the CSA has proposed several administrative and consequential amendments to its rules and policies.

SEC regulatory update

Resolving challenges to auditor's independence rules

In response to the significant practical challenges of applying the auditor independence rules related to loans, the SEC has made some amendments to address situations when the owners of an audit client's equity securities do not have any special and influential role with the audit client. The amendments will:

- Focus the analysis of auditor independence on the beneficial ownership of the audit client's equity securities rather than on both the record and beneficial ownership. Currently, when an auditor (or any of its covered persons and their immediate families) have loans to or from a party that holds more than 10 percent of the equity securities of the auditor's audit client either beneficially or on record, the auditor is not independent of the audit client. There have been practical challenges to applying this Rule when financial intermediaries held securities for others and did not have any special and influential role with the issuer. In response, the SEC has changed the rules to apply only to beneficial owners of the audit client's equity securities and not to those that hold securities of record on behalf of beneficial owners.

- Replace the bright-line test of 10 percent used to evaluate whether there was a special and influential role with the issuer with a significant influence test. Significant influence is not defined in the Rule but refers to the principles in the FASB Accounting Standards Codification Topic 323: *Investments – Equity Method and Joint Ventures*.
- Add a "known through reasonable enquiry" standard to identify beneficial owners of the audit client's equity securities. The audit firm, in coordination with the audit client, would be required to assess beneficial owners of the audit client's equity securities who are known through reasonable enquiry. This practical approach would consider the audit client's governance structure, governing documents, SEC filings, or other information prepared by the audit client to evaluate the beneficial owners of the audit client's equity securities.

These changes will more effectively identify debtor-creditor relationships that could impair an auditor's objectivity and impartiality. The amendments will be effective 90 days after they have been published in the Federal Register.

Because of comments received during the exposure of the proposed amendments, the SEC will be considering other possible changes to the auditor independence rules in future rulemaking.

Auditing update

CPAB insights for audit committees

The Canadian Public Accountability Board (CPAB) publishes *CPAB Exchange* bulletins providing audit committees with insights on evolving issues and developments. During the Spring of 2019, CPAB published three *CPAB Exchanges* as follows:

- ***The Comprehensive Review: What have we learned?*** provides insights and recommendations for implementing a comprehensive review of the auditor's performance at least every five years. The publication reviews the benefits of a comprehensive review, tools available to complete a comprehensive review, use of audit quality indicators to focus on relevant audit quality topics, allocation of responsibilities for the review, and tips for success.
- ***Communications between auditors and audit committees: Effective communications that support audit quality*** covers feedback CPAB obtained from interviews of audit committee chairs, audit partners, and management on effective, two-way communications between auditors and audit committees to support audit quality. The publication provides guidance on establishing communication protocols to establish a direct reporting relationship between the auditor and the audit committee; the benefits of having discussions with audit team specialists, component auditors, and audit firm leadership to understand audit quality; the use of audit quality indicators as a tool to enhance communications; techniques to improve the quality of written communications; and the benefits of the auditor's presence for the complete audit committee meeting.
- ***Enhancing Audit Quality through Data Analytics*** explains how data analytics can improve audit quality. The publication provides insights as to how data analytics improve the quality of the audit, types of data analytics currently used in audits, challenges to using data analytics during an audit, improvements needed to audit procedures when using data analytics, and factors the audit committee should consider about audit quality when data analytics are used.

These publications are available on the CPAB website (www.cpab-ccrc.ca) under the tab *News & Publications*.

PCAOB Preview of 2018 Inspections

In May 2019, the PCAOB staff issued ***Staff Preview of 2018 Inspection Observations*** (the *Observations Preview*), which highlights their observations on good practices they noted during inspections as well as comments on common deficiencies related to the 2018 inspections of audits of public companies. Audit committees may find this information useful in their oversight of their auditors.

Good practices by audit firms

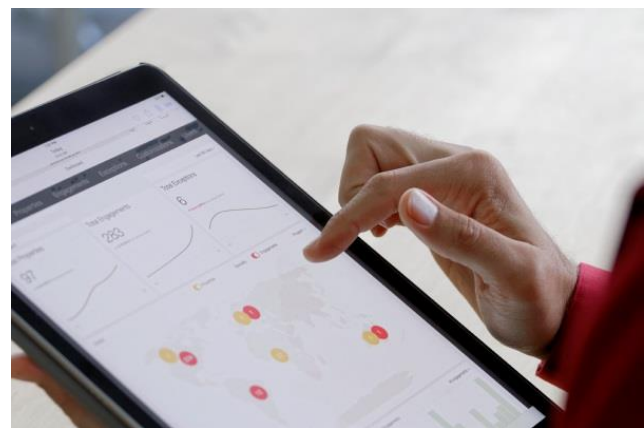
The PCAOB observed that many audit firms are improving audit quality through root cause analyses to understand the primary factors that contributed to positive and negative audit quality. The PCAOB identified the following good practices, which contributed to the continued improvement in audit quality:

- Expanding accountability for audit quality beyond the lead engagement partner to quality reviewers, audit quality leaders, technical experts, and office leaders;
- Developing and refining guidance to help auditors identify and assess risks of material misstatement;
- Revising training programs to include real-world examples of deficiencies in audit testing;
- Providing additional support from experienced personnel not assigned to the audit to identify potential audit deficiencies before the audit report is issued;
- Establishing a network of specialized professionals to address emerging risks and complex and challenging areas, such as technology and new accounting standards; and
- Providing new or enhanced audit tools in areas of significant judgment.

Common audit deficiencies

The *Observations Preview* outlined the following most common deficiencies found by PCAOB inspectors during their examinations of audit files.

- *Inadequate testing of controls critical to the audit* – Auditors did not sufficiently test the design and operating effectiveness of controls that include a review element of estimates and assumptions and auditors did not select controls for testing that address the specific risks of material misstatement.
- *Insufficient risk assessment procedures to assess and respond to identified risks of material misstatement particularly in the area of revenue* – The PCAOB staff observed that (a) auditors agreed a revenue transaction to the company-prepared invoice without testing whether the invoice agreed to the terms of the contractual arrangement and without obtaining evidence that the services or products had been delivered; and (b) auditors limited their testing to revenue transactions exceeding a certain amount of transactions recorded near year-end without considering the need to test the remainder of the population.
- *Inadequate testing of accounting estimates, including fair value measurements* in the following areas:
 - Allowance for Loan and Lease Losses: failure to evaluate the reasonableness of significant assumptions and sufficiently test specific significant inputs.
 - Fair value of assets acquired in a business combination: failure to evaluate the reasonableness of certain significant assumptions underlying forecasts, including evidence that may corroborate or contradict those assumptions or conclusions; failure to test accuracy and/or completeness of company data used to develop estimates.
- *Inadequate evaluation of the fair value of financial instruments* – Failure to obtain an understanding of the specific methods and assumptions used by pricing services, to test the accuracy and/or completeness of company used data, and when developing an independent estimate, failure to use the same pricing source as the company.
- *Failure of engagement quality reviewers to identify relevant deficiencies* by placing too much reliance on discussions with the engagement teams or limiting their review by reading summary memos that did not provide



sufficient detail to allow for review with due professional care.

The *Observations Preview* also includes the PCAOB's observations in the following areas:

- About ten per cent of the companies whose audits were inspected experienced cybersecurity incidents. Auditors generally considered the events in their risk assessments and modified their audit procedures to address the potential impact on controls and data generated by the respective company's information systems.
- Firms are using data analytics tools in certain audits to assess risk and analyze large volumes of transactions. These tools enhanced the auditor's identification of higher risk transactions. While PCAOB did not observe the use of emerging technologies such as artificial intelligence and robotic process automation, the PCAOB is aware that audit firms continue to develop new software tools.
- Firms have revised their audit methodologies and conducted specific training to address the implementation of new accounting standards, reporting of the name of the engagement partner, and changes to the auditor's report.

A copy of the *Observations Preview* is available on the PCAOB website (www.pcaobus.org) under the tab *Inspections / Staff Inspection Briefs*.

Communication about independence

In May 2019, the PCAOB staff issued staff guidance on PCAOB Rule 3526, *Communication with Audit Committees Concerning Independence*, to address questions that have arisen in practice regarding application of Rule in certain circumstances.

The Rule requires auditors to (1) disclose to the audit committee all relationships between the audit firm and the audit client that may reasonably be thought to bear on independence; (2) discuss with the audit committee the potential effects of those relationships on the firm's independence; (3) affirm to the audit committee, in writing, that the firm is independent in compliance with the PCAOB Rule and the SEC requirements; and (4) document the substance of the discussion with the audit committee.

PCAOB inspections staff has observed that firms have affirmed their independence under the Rule in certain situations in which the firm had one or more violations of SEC and/or PCAOB auditor independence rules. In these situations, (1) the audit firm addressed the underlying reasons for the violation(s) and concluded that the violations did not have any ongoing effects; (2) the audit firm communicated the matter to the audit committee; (3) the audit committee separately evaluated the audit firm's determination; and (4) the audit committee and the audit firm agreed to continue the audit engagement.

Using a question and answer format, the PCAOB explains that, when circumstances that gave rise to the violation are not typically ongoing, the registered public accounting firm should consider the impact on the firm's objectivity and impartiality. The firm should then communicate the violation and its analysis to the audit committee (which then makes its determination as to whether the audit engagement should continue).

In circumstances where the firm and the audit committee determined that the audit engagement could continue, notwithstanding one or more violations, the guidance clarifies that the firm should not state in the annual written affirmation of independence required by Rule that the firm is independent. Instead, the firm should report that it would be independent except for the violation or violations that it has identified and discussed with the audit committee. In these circumstances, the guidance also explains that the title of the firm's report remains *Report of Independent Registered Public Accounting Firm*.

The guidance only addresses the affirmation requirement under the Rule. It does not express a view on the applicability of independence requirements or address whether the SEC will accept financial statements with a report from a firm that has violated the applicable independence rules, but whose objectivity and impartiality have not been impaired. The SEC, the audit client (including its audit committee), and the audit firm may decide to consult with the SEC staff concerning the firm's or

audit client's analysis of applicable independence rules and their respective conclusions.

The PCAOB staff believes this guidance will promote robust communications between the firm and the audit committee consistent with the underlying principles embodied in, and the other communications required by the Rule.

The PCAOB staff guidance is effective immediately for engagements conducted according to PCAOB standards. The PCAOB encourages audit committee members, investors, and any other interested parties to review the guidance, which can be found on the PCAOB website (www.pcaobus.org) under the tab *Standards / Standards-Related Activities / Implementation of PCAOB Standards and Rules*.

CAQ insights for audit committees

The Center for Audit Quality (CAQ) has issued several publications during the second quarter of 2019, which provide useful insights on audit quality and financial reporting.

Emerging technologies
Emerging Technologies, Risk, and the Auditor's Focus: A resource for auditors, audit committees, and management explores financial reporting risks arising from emerging technologies and their impact on business and internal control for financial reporting. The emerging technologies include artificial intelligence, the internet of things, and smart contracts. The resource highlights a need for a solid understanding of the benefits and risks of these technologies by auditors, audit committees, and management.

The publication considers the potential risks from new technologies and how these may affect the auditor's risk assessment and response. These evolving technologies will affect companies in different ways. The CAQ provides guidance on the potential impacts and the auditor's response to these changes. An overview of the basic concepts of each of the technologies and the implications are provided to illustrate the need for potential changes to the auditor's scope of work.

The publication is available on the CAQ website (www.theqaq.org) under the tab *Resources / Audit Committee Issues*.

Internal Control over Financial Reporting
The CAQ has updated its ***Guide to Internal Control over Financial Reporting*** (the Guide), which was originally released in 2013. The Guide provides an easy-to-digest overview of internal control over financial reporting (ICFR), focusing on key ICFR concepts such as the control environment,

control activities, reasonable assurance, scaling of ICFR to the company, and ICFR deficiencies. The Guide also discusses the various ICFR roles and responsibilities for management, audit committees, and auditors.

The 2019 update includes additional information highlighting the importance of ICFR to enhancing investor confidence and strengthening the financial reporting process.

The Guide is available on the CAQ website (www.thecaq.org) under the tab *Resources / Audit Committee Issues*.

Implementing the new credit losses standard

The FASB's new accounting standard for credit losses will be effective for public companies for years beginning after December 15, 2019. The standard introduces a new model for recognizing and measuring credit losses for loans, debt securities, accounts receivable, net investments in leases, certain off-balance sheet credit exposures, reinsurance receivables, and certain other financial assets. To assist audit committees in overseeing the implementation of the new standard, the CAQ has released a new tool, ***Preparing for the New Credit Losses Standard: A Tool for Audit Committees***.

The CAQ tool assists audit committees in the following areas:

- Understanding the standard, a brief overview of the core principles of the standard.
- Evaluating the company's impact assessment, suggested questions that audit committees might consider when discussing the impact the new standard will have on the company with management and auditors.
- Evaluating the implementation plan, suggested questions to assist audit committees in their efforts to understand and evaluate management's implementation plan.

- Other important implementation considerations, suggested questions about transition methods and new disclosure requirements.
- Resources, a list of references for further information.

The Tool is available on the CAQ website (www.thecaq.org) under the tab *Resources / Audit Committee Issues*.



Evaluating the external auditor

The CAQ has developed a tool, the ***External Auditor Assessment Tool***, to assist audit committees in carrying out their responsibilities of appointing, overseeing, and determining compensation for the external auditor. While the Tool references US accounting and auditing standards, the Tool is adaptable to other accounting and auditing frameworks.

The Tool provides a series of sample questions to help committees in four specific areas:

- quality of services and sufficiency of resources provided by the engagement team;
- quality of services and sufficiency of resources provided by the audit firm;
- communication and interaction with the external auditor; and
- auditor independence, objectivity, and professional skepticism.

The Tool also provides a sample form and rating scale that can be used to obtain input from company personnel about the external auditor.

To assist the audit committee in carrying out evaluations, the Tool also provides a reading list.

The Tool is accompanied by a video, which provides an overview of auditor evaluations.

The Tool and video are available on the CAQ website (www.thecaq.org) under the tab *Resources / Audit Committee Issues*.

Correction

In the CSA regulatory update of the Winter 2019 edition of *AC Insights*, our article titled *Supporting issuers and their advisors* contained an error. In comments about continuous disclosure reviews of mining disclosures, we referred to “mineral reserves” as “mineral resources”. The text should have read, “We continue to see non-compliant disclosure of PEAs in technical reports which incorporate the economic analysis, production schedules and cash flow models based on inferred mineral resources with economic studies based on mineral **reserves**”. We apologize for any inconvenience caused by this error.



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