

Practice Review Report—Report on a Review of the Financial Audit Practice

Financial Audits Completed
in the 2018–19 Fiscal Year

August 2020

Practice Review and Internal Audit



Office of the
Auditor General
of Canada

Bureau du
vérificateur général
du Canada

© Her Majesty the Queen in Right of Canada, as represented by
the Auditor General of Canada, 2018.

Cat. No. FA1-6/4E-PDF
ISSN 2371-2007

Table of Contents

Introduction	1
Objective.....	1
Scope.....	1
Rating	1
Results of the Reviews.....	3
Recommendations.....	3
Conclusion	4

Introduction

The Practice Review and Internal Audit team helps the Office of the Auditor General of Canada (OAG) to meet its obligation under the Chartered Professional Accountants of Canada's Canadian Standard on Quality Control 1. The team does this by conducting inspection activities to determine the extent to which engagement leaders are complying with Canadian Auditing Standards, OAG policies, and applicable laws and regulations when conducting their audits. The team also ensures that independent auditor's reports are supported and appropriate.

Objective

The practice review's objective is to provide the Auditor General of Canada with assurance that

- financial audits comply with Canadian Auditing Standards, OAG policies, and applicable laws and regulations
- independent auditor's reports are supported and appropriate

Scope

This report summarizes the reportable observations related to the practice reviews of 5 financial audits and a limited practice review of 1 financial audit focusing on quality reviewer involvement. These financial audits were completed in the 2018–19 fiscal year.

Rating

Each audit file reviewed is rated as one of the following:

- **Compliant.** Performance is satisfactory with minor improvements possible. The audit file is compliant in all significant respects with Canadian Auditing Standards, OAG policies, and applicable laws and regulations.
- **Compliant while improvements needed.** Improvements are necessary in 1 or more areas to comply, in all significant respects, with Canadian Auditing Standards, OAG policies, and applicable laws and regulations.
- **Non-compliant.** Significant deficiencies exist; the audit file does not comply with Canadian Auditing Standards, OAG policies, or applicable laws and regulations.

After completing each review, we also conclude on whether the independent audit opinion is supported and appropriate.

Results of the Reviews

Exhibit 1 summarizes the reportable observations related to the practice reviews.

Exhibit 1. Summary of reportable observations

A. Engagement management	None.
B. Planning phase	None.
C. Examination phase	None.
D. Reporting phase	In 1 audit file, the procedure pertaining to subsequent events after the date of the independent auditor's report was signed off in TeamMate before the report's date.
E. Engagement quality review	None.
F. Efficiencies	In 1 audit file, the sampling strategy for a number of accounts could be reviewed to determine whether an audit approach based on statistical sampling would be more efficient than an audit approach based on targeted testing.
G. Other practice improvements	None.
H. Summary of good practice observed	None.

Recommendations

None.

Conclusion

All 5 of the financial audit files reviewed were rated as compliant in all significant respects with Canadian Auditing Standards, OAG policies, and applicable laws and regulations.

All related independent auditor's reports were supported and appropriate.

For the limited practice review for 1 audit focusing on quality reviewer involvement, the Practice Review and Internal Audit team concluded that for the Engagement Quality Control Review element of the System of Quality Control, the file was compliant.