



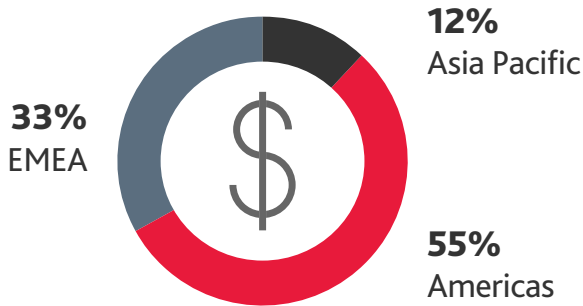
# Audit Quality Report 2022-2023

People • Insights • Quality • Trust

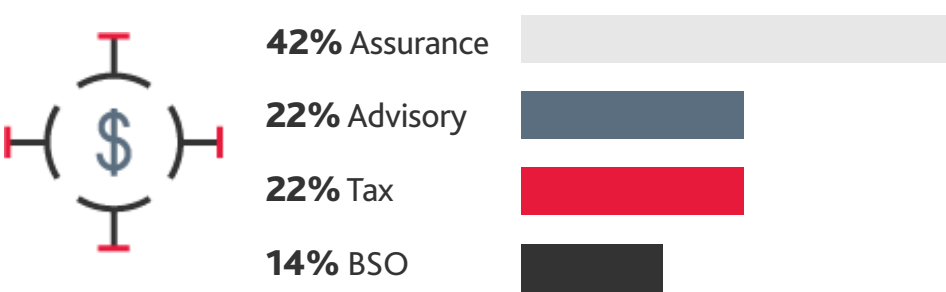
# BDO at a glance: Global



Percentage revenue by region



Fee split by service line



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# A message to our stakeholders

Business is moving at a pace and complexity like never before, creating uncertainty and disruption. While the past year has been marked by shifting business priorities, we remain steadfast in our dedication to performing quality audits. As such, we are proud to share the key pillars on which BDO continues to focus:

- A persistent culture of quality across our firm;
- Talent and culture;
- Client-centricity (markets and industry); and
- Innovation and change.

## Culture of quality

For over 100 years, BDO has understood that quality and trust lay at the heart of our business. Our structure has embedded those values in each of our key focus areas. This is never more apparent than in our approach to audit quality.

Quality continues to be redefined both within and beyond our firm to encompass not only traditional governance, but also aspects such as diversity, inclusion, environmental, and social impact. BDO has embraced these long overdue and necessary new areas of focus. We have challenged ourselves to redesign our approach and metrics related to people and all aspects of our operations. Methodologies and delivery systems are also changing rapidly, and in this environment, trust is essential. BDO continues to perform at the highest levels and remains a name our clients can trust.

## Talent and culture

We are dedicated to advancing the quality of our partners and people's skills and experience. Our culture is a powerful differentiator integral to our firm's strategy. It drives us to build deeper relationships with each other and our clients to foster an inclusive working environment. The development of our people is a key area of our focus to allow our people to be curious while providing opportunities for professional growth and learning.

## Client-centricity (markets and industry)

Our structure places collaboration at the heart of developing and delivering client services. With a continued focus on the impact of market realities and their effect on our business, our service lines, industries, specialties, and geographies work in a collaborative environment to ensure that BDO is positioned to deliver high-quality audit work.

## Innovation and change

Our transformational Innovation & Change team will drive our business innovation agenda and strategy forward. This team is dedicated to exploring, investing, and implementing new ideas to inform, improve and invent new audit service delivery methods.

We invite you to learn more about our people, processes, and innovations that support the execution of client audits in compliance with professional standards while engendering stakeholder confidence.



**Bruno Suppa**  
Chief Executive Officer



**Jeanny Gu**  
Managing Partner, Assurance



**Nazia Lakhani**  
National Quality Leader & Assurance Partner

# Governance and leadership



*Strong governance is a necessity for any successful organization. It provides the oversight for responsible decision making, accountability, and sustainability, ensuring we build a culture where our people are guided by our values.*

Bruno Suppa, Chief Executive Officer



# Governance and leadership

Tone at the top is critical to delivering quality. Our senior leadership established a clear vision of ethics, culture, and quality, and emphasize that vision through regular communications. Frequent firm-wide meetings are supported by informal communications and check-ins between people leaders and team members. Team members are further encouraged to provide continuous feedback, whether ideas or concerns, through well-established channels suited to their needs including confidential Whistleblower hotlines.



## BDO Global

The global BDO network is governed by the Global Board, the Council, and the Executive of BDO International Limited.

The Global Board sets policies and priorities for the global network and oversees the work of the Executive.

BDO Canada LLP is a Member Firm of BDO International Limited and sits as a member of the Global Board.

For more information on the governance of the BDO network, including the Global Board, BDO Council, the Executive, and the regional structure, refer to the [BDO Global Transparency Report 2022](#).

## BDO in Canada

Established in Winnipeg over 100 years ago, BDO has grown to more than 100 locations across Canada and thousands more around the world.

Today, we offer clients access to 4,800 professionals in over 110 offices from Vancouver to St. John's.

Locations and sizes may have changed, but our focus has not. We remain committed to understanding our clients' needs, fostering strong relationships through hands-on partner involvement, and delivering exceptional service. And as our clients grow, our capabilities expand with them, always in pursuit of providing the highest levels of strategic insight and technical skill.

[Bruno Suppa](#) is the CEO of BDO Canada. Under his leadership, BDO continues to build on the growth the firm has experienced over recent years. Bruno remains committed to high-quality service offerings and continues to evolve the firm in order to nurture trust with our clients and meet their changing needs across every sector.

## Audit leadership

Our leadership team remains committed to audit quality and continuous improvement.

[Jeanny Gu](#) is the Managing Partner of the Assurance Service Line for BDO Canada, and a member of the Executive Leadership Team. With many years of experience in providing audit and assurance services to public companies and institutional clients, she has worked with numerous organizations with operations in the Americas, Europe, and Asia reporting under IFRS.

Internally at BDO, Jeanny served as a Leader of BDO Canada's Public Companies Practice, Chair of BDO Canada's Public Company Steering Committee and BDO Canada's Country Co-ordinating Partner for China and ASEAN.

[Nazia Lakhani](#) is the National Quality Leader for the Assurance Practice and a member of the Senior Leadership Team. Nazia specializes in providing leadership to the firm on all matters related to Assurance standards in Canada including support to internal and external inspections and directly to engagement teams on complex matters of assurance.

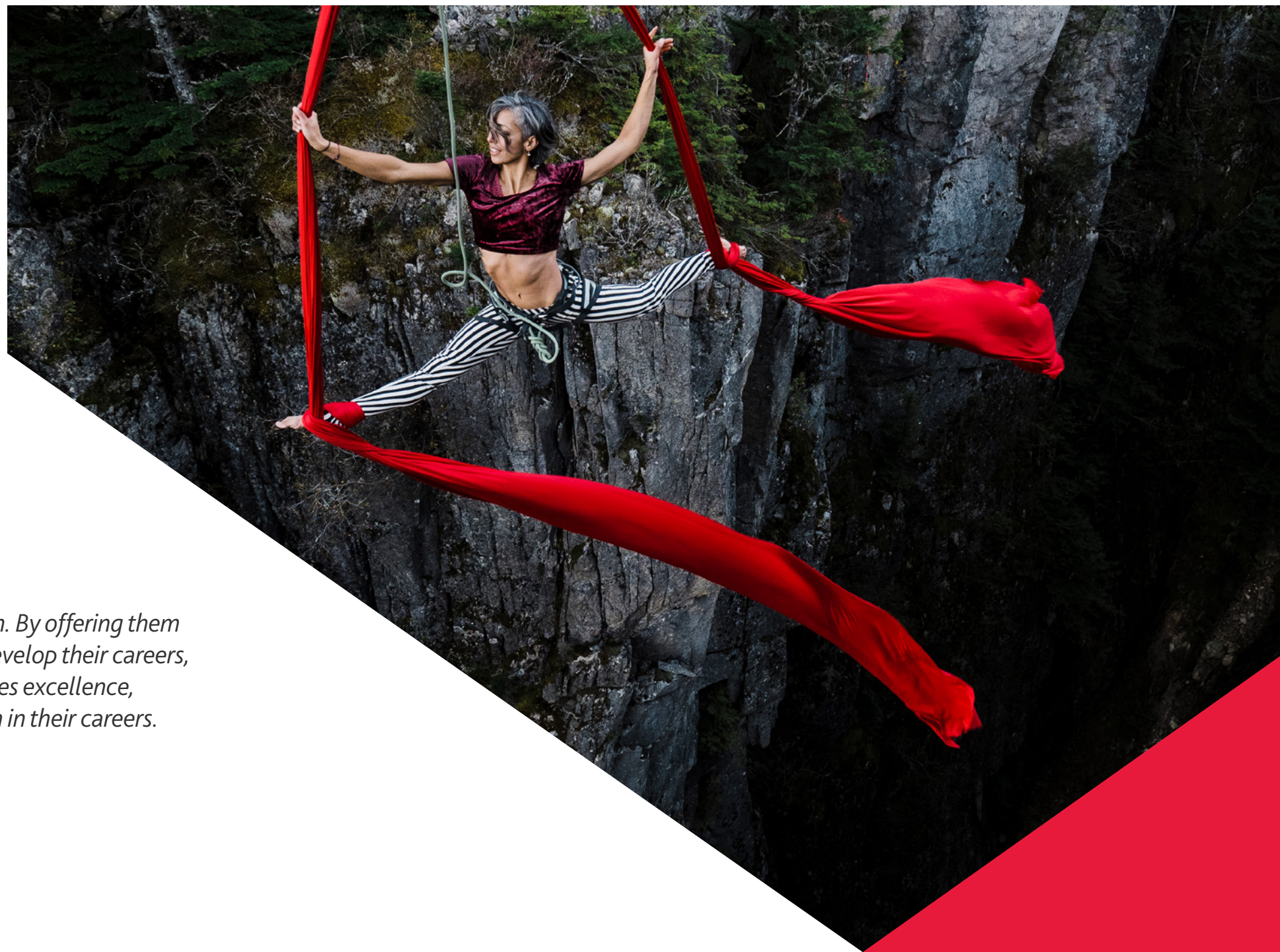
At BDO, Nazia serves as a member of numerous boards, including the BDO Global Audit Steering Committee.

# Talent and culture



*We believe our people are the backbone of our firm. By offering them the proper tools, opportunities, and flexibility to develop their careers, we can create a workplace environment that inspires excellence, encourages ongoing learning, and supports growth in their careers.*

Kerri Plexman, Managing Partner, Talent & Culture





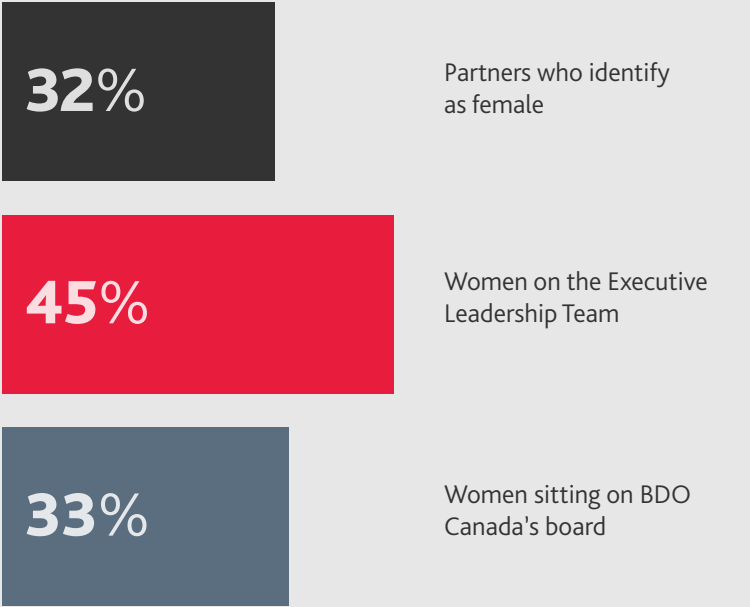
# Diversity, Equity, and Inclusion (DEI)

It is well established that diversity has a direct and positive impact on performance. At BDO, we value equity of opportunity throughout the firm. In recent years, we have established diversity targets to ensure we act on those values. Continuing to measure and report on our goals will keep us accountable for our firm's commitment.

Our initiatives focused on promoting diversity:

- Mandatory training on:
  - Equitable hiring practices (team members engaged in recruitment)
  - Unconscious bias (all staff)
- Firmwide events and resources organized by our National Diversity, Equity, and Inclusion Advisory Council, representing our core diversity pillars including women, Indigenous communities, persons with disabilities, racialized groups, and LGBTQ2S+.
- Monthly group mentoring sessions for women led by the women of BDO's Executive Leadership Team.

We continue to focus on this area and are pleased by the results so far in 2022:



# Team diversity

Composition of our Assurance and Accounting practice

Indigenous  
peoples:

**1%**

Identify as  
women:

**53%**

Persons with  
disabilities:

**2%**

Racialized  
groups:

**36%**

LGBTQ2S+:

**2%**



“

*We all must work on inclusivity and diversity, but we won't truly succeed until we also work on belonging in the workplace. Our sense of belonging is a big part of everything we do at BDO.*

Giselle Bodkin, Chief of Diversity,  
Equity, and Inclusion Officer

# How we support our people

Our focus on learning and our people's professional growth has always been part of our strategy

That's why we make sure our workplace continues to offer flexibility, competitive benefits, as well as tailored learning and opportunities for professional and personal growth. Here are some of the initiatives and platforms that cater to all levels of employee engagement:



## My Wellness Centre

An all-in-one internal platform available to all BDO members that offers an accessible, inclusive, and comprehensive suite of wellness offerings to support and promote physical, mental, and financial wellness.

Some of our well-being initiatives include:

- Employee experience reimbursement: **Do what you love**
- Wellness initiatives such as: **Rest and recharge office closures before long weekends**
- Expanded financial support for mental healthcare



## BDO Learn

An online learning platform offering hundreds of tailored courses for our people to hone their professional skills. Courses are updated regularly to reflect the latest changes in professional standards, providing comprehensive training.



## BDO events

Our firm offers a range of live Assurance and Accounting events throughout the year.

The annual Assurance and Accounting conference marks a great opportunity for BDO's partners and managers to gather from different offices across Canada for an interactive and educational event.

DEI initiatives and events are conducted regularly on a firm-wide level where everyone at BDO is engaged in multiple areas to expand their knowledge.



# Commitment to continuity

Attracting and retaining highly skilled individuals is a priority for us at BDO, and just one of the reasons why we experience less turnover than many of our competitors.

We understand that quality is achieved when a workplace culture fosters collaboration, dedication, and recognition of contributions. We have challenged ourselves to create and maintain an atmosphere where innovation can flourish, allowing our people to feel inspired to reach their fullest potential, and are acknowledged and rewarded when they do.

BDO Canada’s leadership has clearly established that BDO seeks progress over preservation, and that curiosity, collaboration, and kindness, are what make BDO both a preferred workplace and a high-quality audit provider.

Our latest survey of BDO’s audit professionals revealed key findings on how they perceive their role in audit quality, indicating that we’re on track with last year’s results:

97%

believe that BDO is committed to the consistent execution of quality engagements in serving our clients, investors, and/or capital markets.

98%

believe they are personally responsible for the delivery of quality on an engagement.

96%

believe that quality is valued in the organization.



*As a result of the firm's dedication to training and coaching, I have discovered new potentials within myself allowing me to grow as a professional and advance my career within the practice.*

Elizabeth Tkachuk, Senior Manager,  
Assurance and Accounting



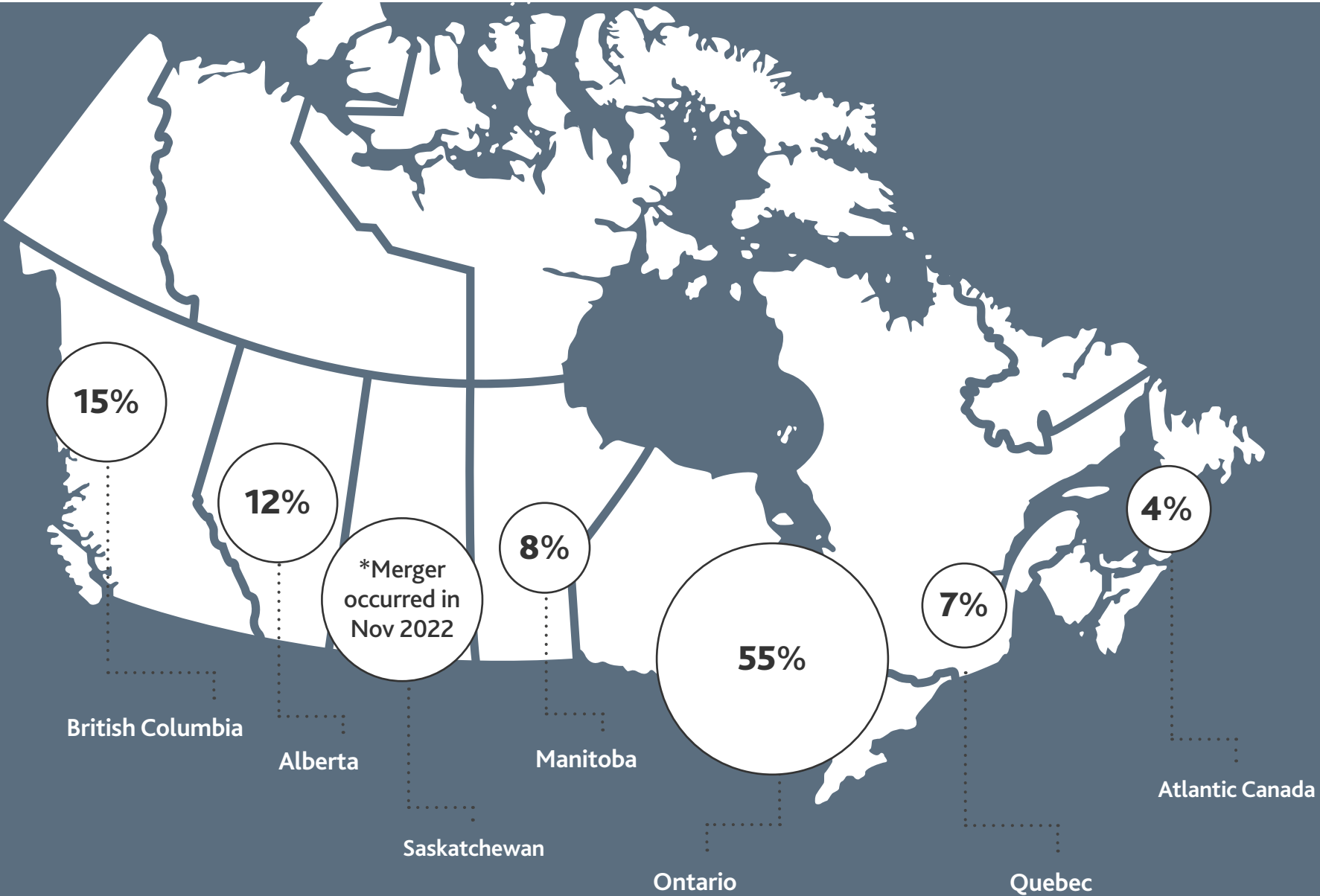
# Our 2022/2023 workplace awards

In keeping with last year's workplace awards, we are proud to present the latest awards that recognize our continued devotion to fostering a culture of care and empowerment.



# BDO's Assurance and Accounting (A&A) practice distribution

Serving clients from coast to coast



\*Percentage of workforce by province/region

# Our audit process



*Audit quality is not a one-and-done process; it's a strategy rooted in continuous improvement, innovation, and growth—all traits which I've been very proud to witness among our audit teams.*

Nazia Lakhani, National Quality Leader & Assurance Partner



# Operationally structured to ensure quality

BDO has always defined audit quality as providing constructive communication, and an in-depth and pragmatic understanding of our client's business and industry needs while operating within the professional compliance framework. There are four key pillars critical to achieving this:

- **Partner-to-staff ratio:** Our 1:7 partner-to-staff ratio ensures that our partners are heavily involved in our audit engagements. This offers clients access to teams with significant experience, which is critical to early identification and speedy resolution of areas of concern. Additionally, this leverage model ensures a higher level of staff oversight, support, and quality assurance throughout our engagements.
- **Continuity at manager levels and above:** Our commitment to talent experience and retention has a direct and tangible impact on audit quality. More experienced teams do not only support on-time, but also on-budget audit delivery, and clients inform us that this is a key differentiator of the BDO experience. Our most recent statistics indicate that almost 1 out of 4 of our team have been with BDO for 10 years or more and that Manager and above levels average around 12.4 years with our firm.
- **Continuous learning:** BDO has invested in multi-channel technical learning programs. From online to in-person and from group to individual, we ensure that our teams are aware of the regulatory changes and the real-life impacts of those changes on our delivery and clients. In 2022, over 2000 audit professionals within our Assurance and Accounting practice reported investing an average of 110.7 hours in professional development and training, a noted increase from 108.5 hours reported in 2021.\* We intend to continue to focus on innovative ways to improve the effectiveness of our training.  
  
\* The reported hours reflect the total time tracked, including internal and external learning hours.
- **Practical and diverse experience:** 80% of our Assurance and Accounting technical leaders volunteer on committees to support the audit and accounting profession. Almost 300 of our professionals volunteer their time as directors or officers of not-for-profit organizations and support the communities we serve. This invaluable supplemental experience ensures that our Partners and teams understand their client's issues, reporting environments, and obligations. This further means they understand the importance of independence, transparency, and quality in their reporting obligations. BDO will continue to monitor these numbers and encourage more of our team to engage with their communities where possible.

1:7



partners to staff  
members dedicated to  
every audit

1 out of 4



of our team members have been  
with BDO for 10 years or more

12.4 yrs



average years of service for  
manager and above levels

110+ hrs



spent investing in professional  
development and training  
by our people

80%



of Assurance and Accounting technical  
leaders volunteer on committees to  
support in the audit and accounting  
profession

# The BDO roadmap to a quality audit

## Global audit approach

BDO uses a global audit approach that enables our engagement teams to conduct consistent risk-based audits, both domestically and internationally, with maximum efficiency and minimal disruption to our clients' operations and people.

Our audit software and documentation tool APT is an integral part of our audit methodology. Our professionals engage APT to devise and perform appropriate risk-based audit procedures and testing based on applicable Canadian Auditing Standards (CAS), as well as to factor in engagement and industry-specific objectives and circumstances.

APT is designed to enable us to deliver a custom audit that is globally consistent and compliant with professional standards. This helps our engagement teams focus on appropriate risk and audit strategies, ensuring every audit is scoped appropriately.



**Innovating in response to changes in regulatory and quality standards**

The Auditing and Assurance Standards Board (AASB) has issued a suite of quality management standards:

- Canadian Standard on Quality Management (CSQM) 1—Quality management for firms that perform audits or review of financial statements, or assurance or other related engagements.
- Canadian Auditing Standard (CAS) 220R—Quality management for an audit of financial statements.
- Canadian Standard on Quality Management (CSQM) 2—Engagement quality reviews.
- Canadian Auditing Standard (CAS) 315R—Identifying and assessing the risks of material misstatement.

**Quality and value added**

In alignment with the CAS 315R updates, we ensured our clients and staff were well-informed and prepared for these changes. Training was provided specific to CAS 315R for both BDO team members and clients including extensive training and guidance relating to applying professional judgement to the risk identification process considering our client's system of internal controls and their environment including the use of IT.



The changes to the Quality Management Standards are beneficial to our audit quality in the following ways:

	<p><b>Effective and better quality audits</b></p> <p>Requires auditors to complete a more robust risk identification and assessment process resulting in a more focused response that is appropriate for the nature, size, and complexity of our clients—making our audits more effective and higher in quality.</p>
	<p><b>Enhanced discussion</b></p> <p>Increased risk identification and better professional judgement will result in more robust discussions with audit committees, boards, and other stakeholders.</p>
	<p><b>Professional judgement</b></p> <p>Changes came as a result of increased pressures for auditors to employ enhanced professional judgement.</p>
	<p><b>Complex environments</b></p> <p>Responds to the increasingly complex nature of the environments in which we and our clients operate. For example, complex financial reporting frameworks, complex governance structures, greater use of technology/ IT, and worldwide operations.</p>

**A continuous quality management process**

Our firm has established a working group consisting of key members of our team who lead the Canadian System of Quality Management (CSQM) implementation project, and continue to ensure our alignment and readiness to onboard new quality management standards by:

- enhancing our audit tool (APT) and audit checklists;
- developing relevant mandatory training courses on our proprietary learning platform (BDO Learn);
- preparing staff and Partners for monitoring and remediation; and
- providing additional guidance for implementation.

**Custom-built service team**

Each team is assembled after considering the key facets of a client's needs, this includes:

- Specific technical needs.
- Industry.
- Stage of lifecycle.
- Future goals.

Our audit members are experts in their respective fields, with a keen understanding of our clients' businesses. They possess technical expertise, industry and market insight, along with the institutional knowledge of our clients' operations to address what is important to their key stakeholders.

This customized service team approach ensures a swift turnaround for complex questions and issues, resulting in an audit process that is timely and smooth.

**Meeting our people's technical needs**

When any of our practice members have questions or are facing technical assurance and accounting issues, they can submit a consultation request and a technical specialist will review their memo and respond to the inquiry, ensuring quality is embedded every step of the way and that our audit process runs smoothly.

To further train and support our people, these consultations are reviewed annually to identify areas for improvement.

**Ongoing quality control**

Quality control is a continuous and evolving program that drives innovation and improvement. At BDO, this includes:

- **Partner review and engagement quality review** - The work of our engagement teams is reviewed to ensure consistency with all relevant professional standards and full compliance with appropriate regulatory and legislative requirements.
- **Periodic and randomized audit reviews** - All Audit practice partners are also reviewed, to ensure quality is ongoing, even after audit completion. Quality Assurance Reviews are led by our National Risk Management team and test compliance with our risk management processes and audit methodology. All partners are rated and provided with feedback and improvement action plans, where necessary.
- **Commitment to a culture of quality** - BDO's Assurance and Accounting and risk management teams will implement a plan that involves the monitoring and remediation elements of the system of quality management (SoQM) that will enhance and reflect on our policies and procedures, training, and communication in relation to CSQM.
- **External inspection** – In addition to our regular internal inspections, external inspections are also completed through three different regulatory bodies to ensure quality is maintained in every audit we perform.

“ Our dedication to quality is two sides of the same coin. On one side, we make sure every engagement we perform meets the highest standards of independence and quality so that our clients can feel confident in their financial information. And on the other side, we empower one another within our teams so we can grow our careers and be positioned for success. On both ends, I feel fortunate to be part of this dedication.

Umair Qadeer, Senior Manager,  
Assurance and Accounting

“ *It's clear quality matters at BDO. Our culture is anchored in the belief that quality is everyone's responsibility, which is evident in everything we do, cascading to every individual on our teams. This mindset has always inspired me to give my best and perform high-quality work.*

Janani Thangathurai, Intermediate Accountant,  
Assurance and Accounting

“ *Being part of the audit practice is rewarding in many ways. From sharing our expertise to utilizing innovative platforms, we're stronger as a team and individual practitioners. This enables us to produce high-quality audits.*

Kristen Spithoff, Partner, Assurance and Accounting



Maintaining ethical practices

Our commitment to delivering exceptional quality is underpinned by our duty to uphold ethical standards. To maintain public confidence in both the financial system and our work, we continue to ensure that we maintain the highest ethical standards and quality services to our clients.

As part of our continued dedication to quality and to promote ethical behaviour, we are committed to the following:

**Independence and compliance:** We continue to promote a culture of integrity and ethical behavior through compliance with prevailing laws, regulations, and internal policies. This includes:

- Mandatory annual Independence and Ethics Confirmation for every employee.
- Strict disclosure policies for Partners and team members on possible conflict of interest situations:
  - Canada-wide.
  - Internationally between BDO member firms.
- Robust client acceptance procedures.
- Independence monitoring throughout the delivery of our services.

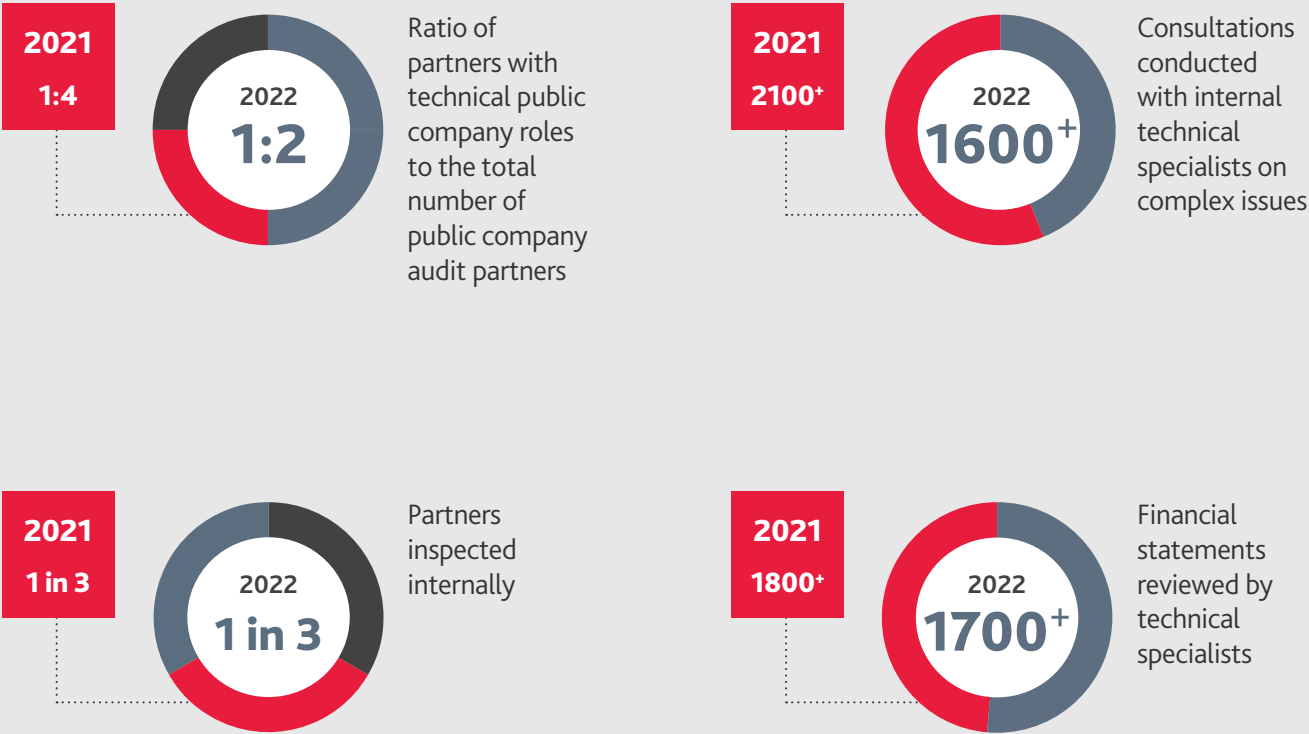
The need to hold our professionals accountable to the highest standards is paramount to quality service and delivery. We continue to put this at the forefront of our people's daily efforts by clearly defining expectations, including academic integrity and providing reminders of professional obligations and support where necessary.

**Ethics and whistleblower practices:** To ensure that everyone in the firm is committed to honesty, integrity, and professionalism, we have a robust Whistleblowing Policy. The policy provides ways for our people to confidentially report complaints or concerns about dishonest, unethical, or illegal conduct related to the firm.

Risk management and assessment

The ability to effectively manage risk is an integral component of our firm's governance strategy. Within the practice, risk management starts early on through our risk rating process and continues with quality monitoring throughout the execution and delivery of our services.

Aligning talent and process



# Quality supported by technology



*We believe that quality audits are best performed with an eye toward innovation, and we're always looking for ways to adopt new technologies that hone our skill sets and enhance our performance.*

Brion Hendry, GTA Assurance Leader



# Technology-integrated audit approach

BDO has invested significantly in our technology, and in the technical infrastructure of the firm, for many years.

We engage in continuous assessment to ensure that our technology effectively supports engagement execution and how it might be evolved to improve quality outcomes. These investments have considered the similar technology investments made by our clients as we have looked to continue to provide seamless audit services with uncompromised quality.

Client benefits include:

- Integrated systems that streamline data processes
- Effective use of resources
- Increased data security
- Competitive fees

### APT Next Gen

Developed in partnership with Microsoft, our global electronic engagement management, risk assessment, and documentation tool, APT, enables engagement teams to consistently execute efficient and effective audits in applying our global audit methodology, while looking for trends and patterns. The mined data facilitates insight on key performance indicators which both informs BDO's processes and supports client business decisions.

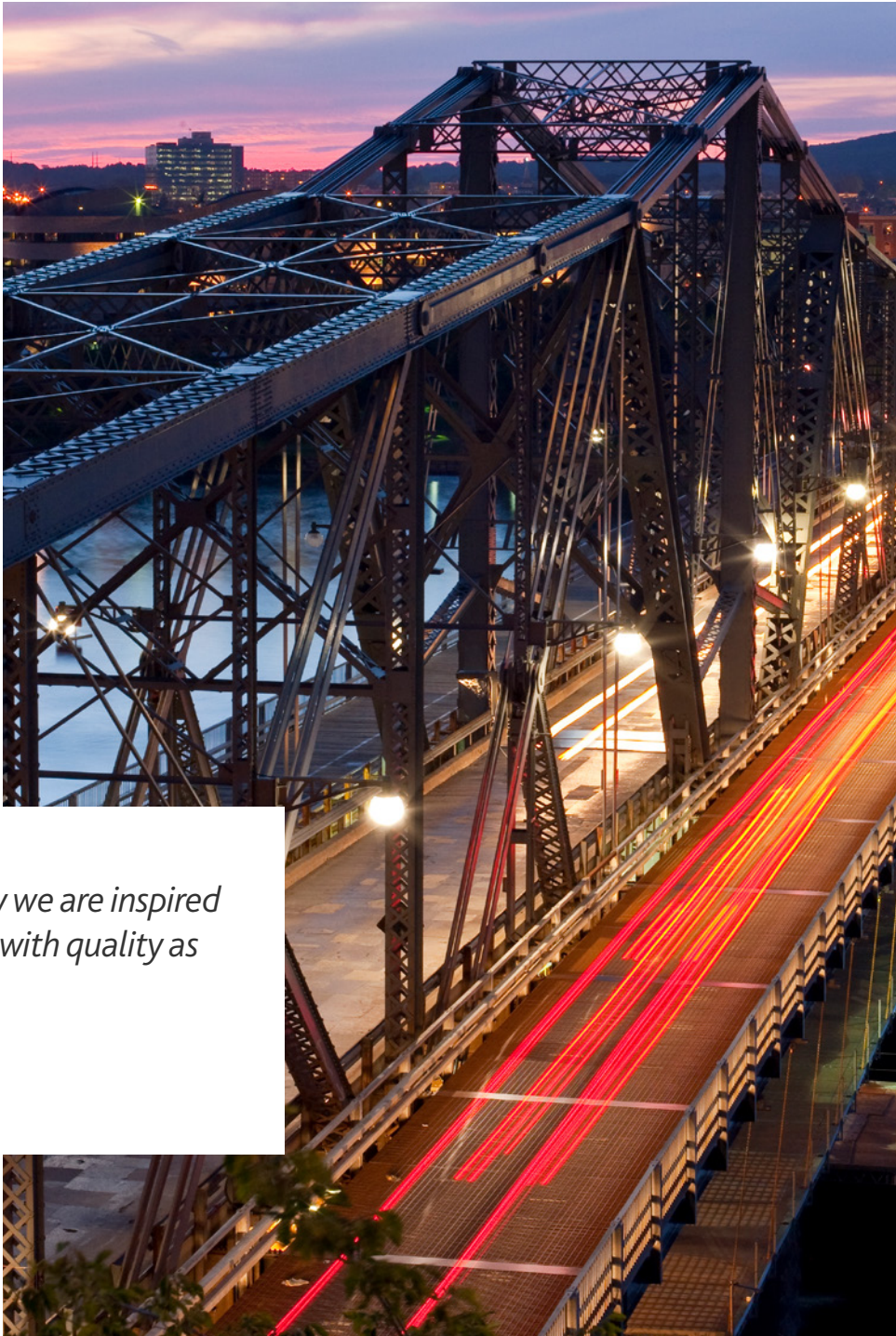
### Technology-enabled and customized compliance

Automated systems require a sound control environment, robust IT infrastructure, best in-class data management, and data controls. An organization's maturity is based on five criteria including manual controls, IT controls, data quality, analytics, and AI. The goal for most organizations is to have all five criteria at the optimized stage. As a result, this is when both the highest operational value for management as well as an efficient audit are achieved.

Many growth-focused organizations are challenged to simultaneously achieve the same level of maturity across all areas. In those situations, we work collaboratively with our clients, applying experience to customize an audit approach that responds to their circumstance without compromising the quality of compliance.

*“ We are constantly in pursuit of audit innovation. Each day we are inspired by ideas that contribute to the way we perform our audit with quality as the cornerstone.*







Paul Vetrone, Director, Innovation and Change





**BDO Global Client Portal**

Our audit teams continue to use the BDO Global Portal — a cloud-based digital hub, as an online collaboration space with clients. Available at any time, the Portal enables access to all services, tools, apps, and information, and to collaborate with our clients in a seamless way through a flexible, appealing, and secure environment.

	<p><b>Secure document sharing</b></p> <p>BDO Portal allows BDO and our clients to collaborate securely through features like multi-factor authentication, DocuSign, data storage encryption, secure document exchange, and audit logging.</p>		<p><b>Client-responsive quarterly platform releases</b></p> <p>BDO Portal is a customer-centric solution that reflects the benefit of our client feedback processes and continuous drive for improvement through quarterly platform releases.</p>
	<p><b>Seamless and integrated service</b></p> <p>BDO Portal is an open platform enabling firms to integrate local applications and languages. Not only does this provide a more locally responsive service, it additionally supports those clients with global needs.</p>		<p><b>24/7 access to BDO services</b></p> <p>BDO Portal provides 24/7 access to BDO services, modern tools, and apps as well as insights tailored to our client's industry and business.</p>
	<p><b>Enhance collaboration</b></p> <p>BDO Portal offers a real time collaboration space for BDO and our clients, including project, task, and team management.</p>		<p><b>Client-driven notification cadence</b></p> <p>Within the BDO Portal, our clients can set the interval for when and which notifications they want to receive about the changes.</p>

# Final thoughts

We are a firm with over 100 years of experience. Our core values have served us well and will continue to be our polestar as we meet disruption with optimism and innovation.

We will see many changes in 2024 as the positive impacts of our continuous enhancements are realized. They can, however, be certain that we will stay true to our values:

- We are passionate about our people and clients.
- We seek progress over preservation.
- We believe diversity, data, and a clear focus on quality strengthen our firm.
- We are curious, collaborative, and kind.

We are committed to upholding the highest standards of quality using traditional measures while welcoming adaptation to the evolving accounting and auditing standards.

BDO will always put people first. Intentional investments in attracting, developing, safeguarding, and retaining skilled professionals across every area of our firm will continue at pace. We will additionally continue to foster the BDO culture of quality, innovation, and lifelong learning in our team.

In an ever-changing environment, we have purposefully structured our firm, staff, processes, and technology to adapt to market conditions and maintain our commitment to quality. We look forward to another year full of initiatives that further strengthen confidence in our clients.



*Quality is key for the profession we are in — from our work ethic to each audit procedure we conduct in pursuit of gathering audit evidence. Focusing on the delivery of high-quality audits has never been so critical for our profession.*

**Jeanny Gu, Managing Partner, Assurance**

We hope that you found our report informative and insightful. If you have any questions or would like to speak with one of our practice members, please contact us.

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### **About BDO**

BDO is a leading provider of professional services, delivering a range of assurance & accounting, tax, and advisory services. Complemented by continuously advancing technology expertise, ESG focus, and 100+ years of being connected to local communities, we're proud to cultivate ongoing relationships with clients and employees across Canada and beyond. Our people-first approach to our talent experience has earned us multiple awards, including a spot among Canada's Top 100 Employers for 2023.

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[www.bdo.ca](http://www.bdo.ca)