



Quality Management Bulletin:

Governance as the Cornerstone of Quality

February 2026

Introduction

CPA Ontario regulates over 105,000 CPAs, almost half of all CPAs in Canada, playing a pivotal role in capital markets and the Canadian economy. Our mandate is to protect the public by ensuring that firms, members and students meet the highest standards of integrity and technical expertise.

And after concerns with audit quality were identified in several registered firms' practicing offices during the 2022 practice inspection cycle, CPA Ontario embarked on a review of public accounting firms that conduct audits of reporting issuers.

Building upon this work, CPA Ontario implemented the Enhanced Quality Management Review (EQMR) program, which not only assesses the design and implementation of a firm's relevant controls and processes but also tests the effectiveness of those controls.

Through **Quality Management Bulletins (QMBs)**, CPA Ontario will provide insights and non-authoritative guidance to help firms embed quality into their practice, while offering practical, scalable solutions for day-to-day implementation. The bulletins will identify approaches that smaller firms can adopt to help them meet the requirements of the Canadian Standards on Quality Management (CSQMs).

This first Quality Management Bulletin focuses on governance, the cornerstone of a robust quality management system. It provides actionable strategies for leadership accountability, role clarity and effective monitoring, which can help firms of all sizes nurture a culture of quality and align with evolving regulatory expectations, including the CSQMs.

Quality Management Best Practices for Smaller Firms

Smaller firms can leverage their collaborative teams to address resource constraints and implement quality management requirements effectively. Additionally, firms can adopt the following governance approaches to help them meet the requirements of the CSQMs.

Learn More About CPA Ontario's EQMR Program:

[Upholding High Standards to Protect the Public: Managing Audit Quality 2023](#)

[Upholding High Standards to Protect the Public – Quality Management Report 2025](#)

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Tailor quality risk assessments to the firm's size, client base, services and resources

The risk assessment process forms the backbone of the entire System of Quality Management. It should be an integrated and proactive process rather than an administrative task or an update to an old quality manual.

Smaller firms should focus their efforts on risks that are relevant to their specific operations. If an area (e.g. complex external networks) is not relevant to the practice, they do not need to spend significant time on it.

Smaller firms are also encouraged to utilize resources from third-party providers to help design and implement their tailored quality management system. It's important to note that an individual at the firm must retain ultimate responsibility and accountability for the firm's system of quality management.

2 Prioritize high-risk areas

- **Independence and relevant ethical requirements** — Failure to safeguard independence and high standards of ethics can result in regulatory breaches and reputational harm.
- **Acceptance and continuance of assurance engagements** — Inadequate client or engagement risk assessments may expose the firm to engagements that cannot be performed to the required standards.
- **Clear methodologies and thorough documentation for engagement performance** — Incomplete or inaccurate working papers undermine assurance evidence and increase the number of inspection findings.
- **Availability of sufficient and appropriate resources** — Both human and technological resources are required to consistently deliver quality.
- **Proactive and effective monitoring and remediation processes** — Deficiencies must be identified promptly, and corrective action should be implemented in a timely manner to prevent recurrence and drive continuous improvement.

3 Define Roles and Responsibilities

A RACI matrix (Responsible, Accountable, Consulted, Informed) provides clarity on roles and ensures accountability. It creates a transparent way to reinforce that quality is a shared responsibility.

Clear roles support competence development through targeted training and resources tailored to responsibilities. For example, advanced technical training for those accountable for complex engagements and regulatory expertise for those consulted on risk assessments.

The RACI should be integrated with performance systems, linking accountability to evaluations, compensation and promotion, with timely feedback and recognition for quality-focused behaviours. Deficiencies should be addressed through corrective actions and development plans to ensure continuous improvements.

Role Highlights

- **Responsible:** Executes tasks with diligence and adherence to standards.
- **Accountable:** Ensures objectives are met and deficiencies addressed.
- **Consulted:** Provides expertise to strengthen processes.
- **Informed:** Maintains transparency and collaboration.

Possible RACI matrix for a smaller firm with respect to engagement performance:

| Process | Partner | Manager | | Senior | | Junior | |
|---------------------------------|---------|---------|---|--------|---|--------|---|
| Complete client risk assessment | A | R | | C | | I | |
| Review of engagement file | A | A | R | - | | - | |
| Perform fieldwork procedures | C | I | | A | R | A | R |

4 Direct Partner Oversight

Partners should lead by example, actively monitoring quality and ensuring that quality objectives are integrated into all the firm's processes. This includes clear expectations for personnel, providing timely guidance and addressing deficiencies promptly. When partners demonstrate accountability through their actions, it reinforces the tone at the top and embeds a culture of quality throughout the firm.

Conclusion

Strong governance establishes a culture of accountability, ethical conduct and continuous improvement, setting the tone at the top and cascading expectations throughout the firm. When leadership prioritizes quality, it fosters an environment where professional standards are consistently met and risks are proactively managed.

Future QMBs will feature observations and best practices from CPA Ontario's EQMR program with the purpose of helping firms strengthen their quality management systems and uphold the integrity on which the profession's reputation is built.

Best Practices in Action – Building a Culture of Quality

1. The implementation of a formal partner compensation model, which includes the results of internal and external quality monitoring as a significant determining factor.
2. The designation of one or more 'Quality Champions', who conduct regular quality meetings and keep teams informed about quality priorities through internal publications.
3. Introduction of 'Quality Spotlights' during team meetings, where staff share improvement ideas or lessons learned from recent engagements.

Disclaimer

This document is intended for general informational purposes only and may not be applicable to all firm circumstances. It is your responsibility to ensure compliance with the CSQMs. In the event of any discrepancy between this document and the applicable official standards or guidance, the official sources shall prevail.