



Office of the Auditor General of Canada
Bureau du vérificateur général du Canada

21 October 2015

International Auditing and Assurance Standards Board
545 Fifth Avenue, 14th Floor
New York, New York 10017
UNITED STATES OF AMERICA

**RE: Exposure Draft – Proposed Amendments to the IAASB’s International Standards—
Responding to Non-Compliance or Suspected Non-Compliance with Laws and
Regulations**

Dear Sir:

Thank you for the opportunity to comment on the above Exposure Draft. I am responding on behalf of the Office of the Auditor General of Canada.

Our responses to the specific questions posed in the Exposure Draft are provided below.

Sincerely,

Stuart Barr
Assistant Auditor General

Enclosure

cc. Eric Turner CPA, CA
Director, Auditing and Assurance Standards
Auditing and Assurance Standards Board

Specific Matters

1. Whether respondents believe the proposed limited amendments are sufficient to resolve actual or perceived inconsistencies of approach or to clarify and emphasize key aspects of the NOCLAR proposals in the IAASB's International Standards.

We have no concerns with respect to the proposed limited amendments in the IAASB's International Standards. In Canada, professional accountants are required to follow rules of professional conduct/code of ethics issued by various provincial professional accounting bodies. Although the IESBA's Code has not been adopted in Canada, ethics standards adopted by the provincial professional accounting bodies should be no less stringent than the requirements of the IESBA's Code.

2. The impact, if any, of the proposed limited amendments in jurisdictions that have not adopted, or do not plan to adopt, the IESBA Code. For example, would any of the changes to the IAASB's International Standards be deemed incompatible with the relevant ethical requirements that would apply in those jurisdictions?

As already mentioned above, although the IESBA's Code has not been adopted in Canada, ethics standards adopted by the provincial professional accounting bodies should be no less stringent than the requirements of the IESBA's Code. In our views, the proposed limited amendments to ISAs are not incompatible with the ethical requirements applicable in Canada which allow for the disclosure of confidential information when it is a) permitted or authorized by the entity, b) required by law, or c) permitted or required by a professional right or duty, when not prohibited by law. As a public sector legislative auditor, we consider the risk of non-compliance with authorities in all our financial audits. When non-compliance is identified or suspected, we consider the need to report non-compliance to third parties outside the entity.

We agree with IAASB's objective to clarify and emphasize key aspects of the NOCLAR proposals in the IAASB's International Standards, therefore eliminating any actual or perceived inconsistencies of the approach to identifying and dealing with instances of NOCLAR or suspected NOCLAR. In the public sector, accountability, transparency and ethics are of fundamental importance because they help ensure that the activities of government are carried out as intended and help prevent abuse and misuse of power. As Canada's legislative auditor, we support the direction taken by the IESBA and IAASB concerning an auditor's responsibility with respect to identified or suspected non-compliance issues and do not hesitate to conduct ourselves in a manner very consistent with what is now reflected in the IESBA Code.

General Matters

- (a) *Preparers (including Small- and Medium-Sized Entities (SMEs)), and Users (including Regulators)*—The IAASB invites comments on the proposed amendments to its International Standards from preparers and users.
- (b) *Developing Nations*—Recognizing that many developing nations have adopted or are in the process of adopting its International Standards, the IAASB invites respondents from these nations to comment on the proposed amendments to its International Standards, in particular, on any foreseeable difficulties in applying it in a developing nation environment.
- (c) *Translations*—Recognizing that many respondents may intend to translate the final amendments to its International Standards for adoption in their own environments, the IAASB welcomes comment on potential translation issues respondents may note in reviewing the proposed amendments to its International Standards.
- (d) *Effective Date*—it is anticipated that the effective date of the amendments to the IAASB's International Standards would be aligned with the effective date of the NOCLAR standards, which the IESBA will determine in due course.

We have no specific comments with respect to the above.