



**Canadian Securities  
Administrators**

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Sent by email only

January 25, 2013

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Director, Auditing and Assurance Standards  
The Canadian Institute of Chartered Accountants  
277 Wellington Street West Toronto, Ontario M5V 3H2

**Subject: Auditing and Assurance Standards Board (AASB) Invitation to Comment on its Draft Strategic Plan for the period 2013-2016**

**Dear: AASB Members**

The Canadian Securities Administrators (CSA) is an organization of Canada's provincial and territorial securities regulators whose objective is to improve, coordinate and harmonize regulation of the Canadian capital markets. The CSA Chief Accountants Committee is comprised of the Chief Accountants from the provinces of Quebec, Ontario, Alberta and British Columbia. We are submitting this letter to you in response to the AASB's Invitation to Comment on its Draft Strategic Plan for the period 2013-2016 (the Draft Plan).

We appreciate the opportunity to comment on the Draft Plan and offer comments on five aspects of it.

Page nine of the Draft Plan describes a number of ways that the AASB can have a role in international standard setting including: conducting research; participating in IAASB projects; informing the IAASB of Canadian issues; gathering input from Canadians to help IAASB make an informed assessment of its priorities; working with other standard setters; and encouraging Canadians to become involved in the IAASB process. We think that fulfilling these roles should be very prominent in the AASB's goals for the period 2013-2016. We encourage the AASB to consider whether these roles are sufficiently emphasized in the Draft Plan.

Page five of the Draft Plan states that in developing the AASB's Strategic Plan for 2010 – 2013, the AASB asked stakeholders about the AASB's objective of adopting International Standards of Auditing (ISAs) on the same timetable as the International

Auditing and Assurance Standards Board (IAASB) and generally without amendments; there was very strong support from stakeholders. Page five also indicates that consultations with stakeholders since that time indicate that stakeholders continue to support this objective. We generally agree with this statement. However, we remind you of our letter dated August 31, 2012 to the IAASB, copied to the AASB, which communicated a number of concerns about proposals presented in the IAASB's "Improving the Auditor's Report - Invitation to Comment". We encourage the AASB, before adopting any IAASB-developed changes relating to auditor reporting, to carefully assess whether they are in the best interests of Canadian stakeholders. While page seven of the Draft Plan articulates this objective, it appears in the context of "other engagement standards"; we recommend that focusing on the best interests of Canadian stakeholders also apply in the context of standards for audits of financial statements.

Concerning the Draft Plan's statement on page five that "the AASB intends to continue to adopt ISAs according to its existing adoption process," we note that the Draft Plan does not identify the specific criteria the AASB applies in determining whether to amend ISAs when adopting them as Canadian Auditing Standards (CASs). We note that the description of the AASB's Due Process that appears on the AASB website also does not refer to the criteria. We understand that the criteria are set out in appendix 1 of the Preface to the *CICA Handbook – Assurance*. Given their importance, we suggest that the AASB clarify the Draft Plan to identify the specific criteria.

Page eight of the Draft Plan refers to input from stakeholders in 2009 about the need for implementation guidance to support the move to the CASs and guidance for all new standards. It is not clear whether the AASB has conducted consultation with stakeholders more recently to assess the adequacy of existing guidance. We understand that work has begun to develop additional guidance on the application of CAS 600 *Special Considerations – Audits of Group Financial Statements (Including the Work of Component Auditors)*. We strongly support this effort and believe that Canadian auditors would benefit from additional guidance in this area.

Page six of the Draft Plan describes the AASB's approach when it has identified a need for a Canadian project for standards other than audits of financial statements and the IAASB has an existing relevant standard or is undertaking a project to develop a relevant standard. We agree with the first step of the AASB's approach as articulated in the first bullet-point on page six - identifying the needs of stakeholders and how the IASB would revise Canadian standards to address those needs. However, we are not clear what is meant by the phrases "the AASB performs a risk assessment" (mid page) and "when the AASB concludes that adopting the IAASB standard poses too high a risk" (fifth bullet-point). We suggest that you revise this section to more clearly articulate how the concept of a risk assessment relates to an assessment of whether the IAASB project or standard would meet the needs identified.

If you have any questions concerning these comments, please do not hesitate to contact us.

Yours truly,

**The CSA Chief Accountants Committee**

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