



October 20, 2015

Ms. Kathleen Healy
Technical Director
International Auditing and Assurance Standards Board
International Federation of Accountants
585 Fifth Avenue – 14th Floor
New York, NY 10017
U.S.A.

Dear Ms. Healy:

Re: Exposure Draft – *Responding to Non-Compliance or Suspected Non-Compliance with Laws and Regulations (NOCLAR)*

The Canadian Auditing and Assurance Standards Board (AASB) is pleased to provide its comments on the Exposure Draft (ED) – *Responding to Non-Compliance or Suspected Non-Compliance with Laws and Regulations (NOCLAR)*, in connection with the International Auditing and Assurance Standards Board's (IAASB's) proposed amendments to certain of its International Standards in response to the International Ethics Standards Board for Accountants' (IESBA's) re-ED, *Responding to NOCLAR*.

Overall Comments

We support the IAASB's efforts to align the International Standards in response to changes in the IESBA Code and agree with the revisions proposed.

Request for Specific Comments

Q1. 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.

Yes, we believe that the proposed limited amendments are sufficient.

Q2. The impact, if any, on 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?

The Chartered Professional Accountants (CPA) of Canada profession is a member of the International Federation of Accountants (IFAC) and, as such, monitors IFAC developments to facilitate convergence of national and international standards.

Eric Turner, CPA, CA
Director, Auditing and Assurance
Standards
Tel. / Tél : 416.204.3240
Fax / Téléc. : 416.204.3408
eturner@cpacanada.ca

Auditing and Assurance
Standards Board
277 Wellington Street West
Toronto, Ontario
M5V 3H2 Canada
Tel: 416.977.3222
Fax: 416.977.8585
www.frascanada.ca

Conseil des normes d'audit
et de certification
277, rue Wellington Ouest
Toronto (Ontario)
M5V 3H2 Canada
Tél : 416.977.3222
Téléc : 416.977.8585
www.nifccanada.ca

As the profession is a member of IFAC, ethics standards adopted by the provincial CPA bodies in Canada should be no less stringent than the requirements included in the Code of Ethics for Professional Accountants (Code) issued by the IESBA unless in respect of a particular provision it is prohibited by law or regulation or it is determined not to be in the public interest.

We have considered the proposed changes to the IAASB's International Standards and found them not to be incompatible with the relevant ethical requirements in Canada.

Request for Comment on General Matters

Preparers (including Small and Medium –Sized Entities (SMEs)), and Users (including Regulators)

We have no comments regarding the proposed changes to the International Standards that are specific to preparers and users of financial statements.

Developing Nations

We have no comments on the difficulties in applying the proposed changes to the International Standards in a developing nation environment

Translations

We have not identified any potential translation issues.

Effective Date

We agree with the IAASB's proposal to align the effective date of the proposed changes with the effective date of the IESBA's NOCLAR standards.

Additional Input

We agree with the IAASB's conclusion that it is not necessary at this time to undertake a more fulsome revision of *ISA 250, Consideration of Laws and Regulations in an Audit of Financial Statements*. We believe that a review would be beneficial in due course, and support the IAASB's plan to consult with stakeholders on the possibility of doing so. At this time we have not identified any specific areas in ISA 250 where changes may be required that we wish to bring to your attention.

Other Matters

A few editorial comments are noted in the Appendix to this letter.

** ** *

We hope that these comments will be useful to the IAASB in finalizing proposed changes to the International Standards re NOCLAR. If you have any questions or require additional information, please contact Eric Turner at (416) 204-3240.

Yours very truly,

Cathy MacGregor

Cathy MacGregor CPA, CA
Chair, Auditing and Assurance Standards Board (Canada)

c.c. Canadian Auditing and Assurance Standards Board members
Ron Salole

Editorial comments based on the July 2015 Exposure Draft

| | |
|--------------------------|--|
| Pg. 15 Para. 22 | Given public sector entities may not commonly refer to the section on regulatory and enforcement authorities, consider making reference to para. A20 in this paragraph rather than in para.28. This may assist public sector entities in locating application guidance relevant to them. |
| Pg. 22 Para. A19, line 4 | There is a colon missing following “example”. |
| Pg. 27 Para. A92, line 5 | Suggest “...overridden by laws or regulations, or law, regulation, or relevant ethical...”. |