



CANADIAN PUBLIC ACCOUNTABILITY BOARD  
CONSEIL CANADIEN SUR LA REDDITION DE COMPTES

150 York Street, Suite 200, Box 90, Toronto, Ontario M5H 3S5  
Tel 416.913.8260 Fax 416.850.9235 www.cpab-ccrc.ca

March 5, 2012

Office of the Secretary  
Public Company Accounting Oversight Board  
1666 K Street, N.W.  
Washington D.C. 20006-2803  
USA

Dear Sir:

**Request for Comment: Proposed Auditing Standard Related to Communications with Audit Committees**  
**PCAOB Rulemaking Docket Matter No. 30**

The Canadian Public Accountability Board (CPAB) is pleased to comment on the Public Company Accounting Oversight Board (PCAOB) Release No. 2011-008 entitled *Proposed Auditing Standard Related to Communications with Audit Committees* (the “Proposed Standard”). CPAB supports the PCAOB’s efforts to enhance the relevance and quality of communications between the auditor and the audit committee, thereby improving audit quality and transparency.

CPAB is Canada’s independent audit regulator and is responsible for overseeing firms that audit Canadian reporting issuers. Our mandate is to promote high quality independent auditing that contributes to public confidence in the integrity of reporting issuers’ financial reporting. We accomplish our mandate by inspecting audit firms and audit working paper files which provides us with insights into the application of auditing standards and how they might be improved.

Audit committees have a critical role to play in achieving audit quality, and integrity of financial reporting. Accordingly, audit committees need to receive high quality, relevant and timely communication from the auditor in order to effectively evaluate the quality of the audit. The Proposed Standard strengthens existing auditor communication requirements and will improve the consistency with which significant matters are communicated to audit committees.

March 5, 2012

Page 2

### **Overall Audit Strategy and Timing of the Audit**

We support the proposed new requirements to enhance the auditor's communication of the overall audit strategy. It is important for the audit committee to understand the extent of the involvement in the audit of other independent public accounting firms or persons not employed by the auditor, including the scope of the audit procedures completed by them. The requirements of paragraph 10 of the Proposed Standard will assist in ensuring that the audit committee fully understands the involvement of the principal auditor who is reporting to them.

We agree it is important to communicate with the audit committee significant changes to the planned audit strategy or the significant risks initially identified, and we support the inclusion of this requirement in the Proposed Standard. This information could impact the audit committee's oversight of the financial reporting process and so they should have this information to make their own assessment of the impact.

### **Significant Unusual Transactions**

We support the proposed new requirement for the auditor to communicate to the audit committee any significant transactions that are outside the normal course of business for the company or that otherwise appear to be unusual, and to communicate the auditor's understanding for the business rationale for such transactions. Our inspection findings have shown that this is an area needing improvement, and the proposed new requirement codifies current best practices.

In conclusion, we support the PCOAB's efforts to improve auditor communication with audit committees. We appreciate the opportunity to respond to the Proposed Standard, and would be pleased to discuss any of the above comments with you at your request.

Yours very truly,

A handwritten signature in cursive script, appearing to read "Brian Hunt".

Brian Hunt, FCA  
Chief Executive Officer