



CANADIAN PUBLIC ACCOUNTABILITY BOARD
CONSEIL CANADIEN SUR LA REDDITION DE COMPTES

150 York Street, Suite 900, Toronto, Ontario M5H 3S5
Tel 416.913.8260 Fax 416.850.9235 www.cpab-ccrc.ca

September 1, 2015

Michael Tambosso FCPA, FCA
Chair, Independence Task Force (ITF)

Dear Michael:

Re: Proposed Framework for Developing Canadian Independence Standards

The Canadian Public Accountability Board (CPAB) is pleased to respond to the consultation paper "A framework for the Canadian Independence Standards" issued by the ITF.

CPAB is Canada's independent audit regulator 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 independence standards and how they might be improved.

Overall Comments

We believe it is important that Canadian Ethical and Independence Standards protect the public interest in a manner that is comparable to other developed countries.

We believe it would be appropriate to develop a framework where future changes to Canadian independence rules are based on changes to the Code of Ethics for Professional Accountants (Code) issued by the International Ethics Standards Board for Accountants (IESBA). In developing this framework we believe it is important to ensure that the Public Trust Committee and Independence Task Force maintain the strength of our current standards and remain aware of changes to ethical and independence standards made in other developed countries.

Maintaining the strength of our current standards

Current Canadian independence requirements currently serve to protect the public interest by having an appropriate balance of generally accepted requirements with consideration of Canadian specific circumstances. We believe this balance should be maintained in the future. Accordingly, we agree with the proposal in the consultation paper that "existing Canadian requirements that are more stringent than the Code would be maintained".

Monitoring International developments

Many developed countries that are comparable to Canada have a separate process where changes to the Code are considered but the standard setter may, and often have, adopted more

stringent ethical and independence requirements as compared to the Code. Over the past few years there has been significant effort in a number of countries, including changes required by the European Commission, to make changes to the ethical and independence requirements for auditors and accountants. Many of these changes were made in the absence of a change made to the Code.

Until the Code is generally accepted Internationally without modification we believe it would be in the public interest that the ITF and Public Trust Committee develop a process to periodically (e.g. annually) remain aware of developments in other developed countries to ensure Canadian ethical and independence standards continue to protect the public interest in a manner that is comparable to our global peers.

Improving the timeliness of changes to requirements

The setting of ethical and independence requirements in Canada remains complex which often leads to significant delays in making amendments to the requirements. We agree with the ITF that there is a need to improve the current processes to reduce time delays wherever possible.

We believe the unification of the professional bodies within Canada provides an opportunity to amend the current processes while maintaining important input from Canadian stakeholders. We encourage the Public Trust Committee to work with the ITF, CPA Canada and the provincial CPA bodies to develop a process to make timely changes that will protect the public interest and the reputation of the profession as a whole.

We would be pleased to discuss further any of the above comments.

Yours very truly,



Brian Hunt, FCPA, FCA, ICD.D
Chief Executive Officer