



CANADIAN PUBLIC ACCOUNTABILITY BOARD
CONSEIL CANADIEN SUR LA REDDITION DE COMPTES

Access to Foreign Jurisdictions

November 2015

CPAB follows a risk-based approach which, among other things, highlights reporting issuers (RIs) with significant components operating in foreign jurisdictions that might be appropriate candidates for inspection. A review by CPAB in early 2015 identified 335 Canadian RIs with significant¹ operations in 85 foreign jurisdictions other than the United States, the United Kingdom and Australia². CPAB has Memorandums of Understanding (MOUs) or an equivalent arrangement in place or under negotiation in six of these countries (nine in total) (Exhibit 1).

There are 68 countries of the 85 where CPAB has no agreement that would permit access to working papers for inspection purposes. There are 212 RIs having a total market cap of \$74.7B as at December 31, 2014 that have significant components in these 68 jurisdictions. This includes 60 RIs with a total market cap of \$39.9B in 19 jurisdictions that are members of the International Forum of Independent Audit Regulators (IFIAR).

CPAB's ongoing inspections and negotiations with foreign audit regulators will continue to identify jurisdictions from the list of countries where CPAB does not have access to working papers. The more significant of these are listed in Exhibit 2.

In past inspections CPAB has requested but been denied access to working papers in the jurisdictions set out in Exhibit 3. This list is subject to change as MOUs are finalized or inspection access to additional jurisdictions is requested by CPAB.

This is a challenging area since access to all audit working papers is an essential part to an effective inspection.

¹ Significant operations are subsidiaries or components the assets or revenues of which constitute 20% or more of the consolidated assets or revenues

² These are, well-regulated jurisdictions in which many Canadian RIs have significant operations and where CPAB has existing or in-process MOUs facilitating working paper access. Given their long established regulatory and legal regimes, these are not considered to be high risk jurisdictions. Each has an established audit regulator that is a member of the International Forum of Independent Audit Regulators (IFIAR).



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Exhibit 1:

CPAB is in ongoing negotiations with IFIAR members to sign MOUs that would allow for access to audit working papers in their countries. There are currently 50 countries that are members of IFIAR.

The current list of CPAB signed MOUs includes:

Foreign Jurisdictions with a signed MOU with CPAB
United States
United Kingdom
Australia
Japan
The Netherlands
France
Germany
Switzerland
Ireland

Exhibit 2.

The 10 largest jurisdictions where CPAB does not currently have access to working papers and the RIs represented are as follows:

Top 10 Foreign Jurisdictions By Market Cap Where CPAB Does Not Have Access to Working Papers

Foreign Jurisdiction	# of RIs	Total Mkt Cap \$ Billion as at Dec 31/14
Norway *	2	27.8
Mexico	38	24.5
Guatemala	2	2.4
Austria *	2	2.0
Belgium *	3	2.0
Slovakia *	1	1.8
South Africa *	13	1.5
Argentina	15	1.3
Egypt *	2	1.2
Burkina Faso	5	1.2
Total	83	65.7

* Member of IFIAR

Exhibit 3:

Significant jurisdictions where CPAB has requested and been denied access to working papers include:

FOREIGN JURISDICTION
China ⁴
Mexico ³
Tunisia ³
Portugal ⁴
Spain ⁴
Sweden ⁴

³ No discussions currently underway. At present these jurisdictions do not have audit oversight bodies, therefore an MOU is not possible.

⁴ MOU with oversight body presently under negotiation.