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June 28, 2017

British Columbia Securities Commission
Alberta Securities Commission
Financial and Consumer Affairs Authority of Saskatchewan
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés Financiers
Financial and Consumer Services Commission (New Brunswick)
Superintendent of Securities, Department of Justice and Public Safety, Prince Edward
Island
Nova Scotia Securities Commission
Securities Commission of Newfoundland and Labrador

**CSA Consultation Paper 52-403
Auditor Oversight Issues in Foreign Jurisdictions**

We are pleased to respond to the Consultation Paper.

We agree that access to working papers of a component auditor in other jurisdictions is an important aspect of CPAB's mandate. When requested, we have worked with CPAB to try and ensure that they had access to the working papers of component auditors.

Our comments are as follows:

- We generally support the concept of Component Auditor registration requirements, subject to:
 - A reasonable threshold such that the requirement does not apply to foreign firms that are only performing a limited amount of audit work on 1 or a small number of audits of Canadian reporting issuer companies. We note that the Consultation Paper refers to the "substantial role" threshold used by PCAOB. We believe that this would be an effective and appropriate threshold in most circumstances;
 - The registration requirement should be formulated in a manner that acknowledges the possibility of legal or other restrictions in certain countries. It is possible that there will be circumstances in which a group auditor has sufficient and appropriate access to the working papers to conduct an audit in accordance with applicable auditing standards, but that legal or other restrictions do not provide for appropriate access to CPAB;



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- We note that the Consultation Paper refers to the expectation that a registration requirement would facilitate the necessary access to the working papers applicable to the component auditor, but does not appear to address whether the contemplated registration would enable and/or require CPAB to address firm level controls and processes in those firms in foreign jurisdictions. While such reviews may be reasonable and appropriate in some circumstances, we expect that in many circumstances, the relevant quality control processes and procedures may be applicable at a file/engagement level rather than on a firm-wide basis.
- With respect to the transparency measures referred to in Question 4 and Question 5 of the Consultation Paper, we are concerned that public disclosures of restrictions without appropriate explanations may be misleading, or misunderstood, particularly if the restrictions resulted from circumstances that were largely beyond the control of the group auditor (such as legal impediments in a particular country).

Please contact us with questions or comments on these matters.

Yours faithfully,

A handwritten signature in blue ink, appearing to read 'John A. Gordon'.

John A. Gordon, FCPA, FCA
Canadian Managing Partner
Quality and Risk Management