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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
Superintendent of Securities, Northwest Territories
Superintendent of Securities, Yukon Territory
Superintendent of Securities, Nunavut

c/o The Secretary
Ontario Securities Commission
20 Queen Street West
19th Floor, Box 55
Toronto, Ontario
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c/o
Mr. Phillippe Lebel
Corporate Secretary and Executive Director, Legal Affairs
Autorité des marchés financiers
Place de la Cité, tour Cominar
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19 December 2019 19 December 2019

CSA Notice and Request for Comment Proposed Amendments to National Instrument 52-108 *Auditor Oversight* and Proposed Changes to Companion Policy 52-108 *Auditor Oversight*

Dear Sirs/Mesdames:

Thank you for the opportunity to comment on the Canadian Securities Administrators (CSA) amendments to National Instrument 52-108 *Auditor Oversight* and proposed changes to Companion Policy 52-108 *Auditor Oversight*.

KPMG LLP (Canada) is committed to working with the CSA and the Canadian Public Accountability Board (CPAB) to ensure public confidence in financial reporting and the quality of audits in Canada.

Overall, we support the objective of CPAB obtaining access to significant component auditor records that support a group audit opinion, but are of the view that further guidance on the administration and enforcement of this obligation would be worthwhile. For example:

- We are not clear what would be considered to constitute “reasonable steps” by a reporting issuer, particularly in light of the fact that the reporting issuer in many cases will have no relationship with the component auditor and will have no rights or interest in their working papers. Is a reasonable step to obtain confirmation in writing from the component auditor that a CPAB access agreement would be signed if requested by CPAB? Would it be considered reasonable if such agreements were obtained only from component auditors where the component was expected to be significant based on budgeted audit hours and costs recognizing that actual amounts may not be known until after the audit report is signed?
- Will the requirement for an access agreement only be imposed in circumstances where it has been determined by CPAB that there is no impediment under the laws of the component auditor’s jurisdiction to allow for the inspection of records? Will CPAB take a flexible approach to disclosure in order to work within the laws of the local jurisdiction, such as through the inspection of records within the local jurisdiction as opposed to requiring disclosure in Canada?
- Where available, will CPAB work with their auditor oversight counterparts in the component auditor’s jurisdiction to conduct the inspection?
- How will CPAB treat materials which are considered privileged by the reporting issuer or component auditor?
- Does CPAB intend to use access agreements on a routine basis, or will they only be requested in circumstances where other alternatives have first been exhausted? If so, what will those other alternatives be?
- What will CPAB’s expectations be of the group auditor, taking into account that they will often have little or no ability to cause a component auditor to take a particular action. Does CPAB expect that group auditors will include a requirement in their engagement agreement with component auditors to allow for inspection of records by CPAB?

Please contact Brad Owen at (416) 777-8595 or Laura Moschitto at (416) 777-8068 should you wish to discuss any of our comments.



*CSA Notice and Request for Comment Proposed Amendments to
National Instrument 52-108 Auditor Oversight and Proposed
Changes to Companion Policy 52-108 Auditor Oversight*

Yours sincerely,

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a single horizontal line that tapers at both ends, serving as a decorative underline.

Brad Owen
Partner

Laura Moschitto
Partner