

REQUEST FOR INPUT AUDITING COMPLEX FINANCIAL INSTRUMENTS

The Auditing and Assurance Standards Board (AASB) urges Canadian stakeholders to provide input to the Consultation Paper on “Auditing Complex Financial Instruments” recently issued by the International Auditing and Assurance Standards Board (IAASB).

There are a number of practical considerations that may currently be posing challenges in audits of complex financial instruments. The UK’s Auditing Practices Board (APB) has recently revised its Practice Note (PN) 23, *Auditing Complex Financial Instruments*, which provides related guidance. The IAASB intends to use this guidance, in its entirety, as a starting point in revising International Auditing Practice Statement (IAPS) 1012, *Auditing Derivative Financial Instruments*.

The AASB will consider whether such guidance, with the form and content being proposed by the IAASB, would be useful to Canadian stakeholders as an update or replacement of Assurance and Related Services Guideline AuG-39 “Auditing Derivative Financial Instruments.”

The IAASB Consultation Paper consists of an issues paper with specific questions for stakeholders and a reproduction of PN 23 (revised). The issues paper seeks stakeholders’ comments on a broad range of matters including:

- the overall approach being taken in developing the guidance, including the structure and content of the guidance;
- whether the guidance is clear as to the meaning of “complex financial instruments”;
- whether the guidance is applicable for audits of entities of all sizes, across a number of industries and in an international context; and
- whether the nature and extent of the guidance, as it applies to complex financial instruments, is appropriate in the following areas:
 - the application of the audit risk standards;
 - obtaining sufficient appropriate audit evidence, including the relevance and reliability of the fair value information; and
 - disclosure and reporting considerations.

The IAASB’s Consultation Paper on [Auditing Complex Financial Instruments](#) is available on the IAASB website.

Comments requested

Stakeholders are encouraged to provide comments on the IAASB’s Consultation Paper directly to the IAASB, and provide the AASB with a copy of the response. If copies of responses are received **before December 15, 2009**, the AASB will be able to take these comments into account in formulating its own response to the IAASB’s Consultation Paper.

Please refer to the “Guide for Respondents” contained in the IAASB’s Consultation Paper and respond to the specific questions asked therein.

Comments are most helpful if they are related to a specific paragraph or group of paragraphs, and, when expressing disagreement, they clearly explain the problem, and include a suggestion for alternative wording supported by specific reasoning. When a respondent agrees with proposals, it will be helpful to be made aware of this view.

Comments for the attention of the AASB should be addressed to:

Greg Shields, CA
Director, Auditing and Assurance Standards
The Canadian Institute of Chartered Accountants
277 Wellington Street West
Toronto, ON. M5V 3H2

For ease of handling, we prefer comments to be sent by e-mail (in Word format) to:
ed.assurancestds@cica.ca