



CANADIAN PUBLIC ACCOUNTABILITY BOARD
CONSEIL CANADIEN SUR LA REDDITION DE COMPTES

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May 15, 2019

Mr. Eric Turner, CPA, CA
Director, Auditing and Assurance Standards
Auditing and Assurance Standards Board
277 Wellington Street West
Toronto ON M5V 3H2

Re: Communication of Key Audit Matters in the Auditor's Report

The Canadian Public Accountability Board (CPAB) is pleased to respond to the Invitation to comment on the Audit and Assurance Standards Board (AASB) proposal to revise Canadian Auditing Standard (CAS) 700, *Forming an Opinion and Reporting on Financial Statements*, relating to the communication of key audit matters (KAM) in the auditor's report, and make related conforming amendments.

CPAB contributes to public confidence in the integrity of financial reporting of reporting issuers in Canada by effective regulation and promoting quality, independent auditing. CPAB carries out its mandate by conducting inspections of the firms subject to its oversight, either directly or in co-operation with other regulatory bodies in Canada and abroad. It also undertakes other activities to support its mandate including commenting on accounting and auditing standards most important to audit quality, participating in international activities related to enhancing audit quality, publishing thought leadership for the audit industry, and engaging with key stakeholders including audit committees, public company financial management, other regulators and institutional investors.

Scope of KAM reporting

We believe the reporting of key audit matters represents useful information for financial statement users. We do not believe that this will cause significant incremental burden to auditors as this reporting would already have been provided to audit committees. Further, this reporting has been adopted extensively throughout the world. Accordingly, we are supportive of the proposal to require KAM reporting for all the entities listed in the exposure draft.

Guidance for stakeholders

We believe it would be useful to provide guidance to stakeholders to assist in the implementation of the new requirements. Specifically, it will be important to ensure the KAM reporting provides information to financial statement users that is specific to the entity being audited and is not generic information that is the same for all companies in a given industry.

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Effective date

We are supportive of the AASB's suggested effective date. This effective date should provide sufficient preparation time as we believe the experience of auditors from reporting on KAMs for TSX issuers starting in 2020 will be useful in improving practice for the entities where KAM reporting will begin in 2022.

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

Yours very truly,

A handwritten signature in cursive script that reads "Carol Paradine".

Carol Paradine, CPA, CA
Chief Executive Officer