



CANADIAN PUBLIC ACCOUNTABILITY BOARD
CONSEIL CANADIEN SUR LA REDDITION DE COMPTES

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March 25, 2008

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

Dear Mr. Shields:

Re: Exposure Draft (ED), *Comparative Information*

The Canadian Public Accountability Board (CPAB) is pleased to respond to this ED.

Overall, we believe this ED would be acceptable, subject to some specific comments set out below. However we believe it is unnecessarily complicated and we question whether the distinction between corresponding figures and comparative information is even necessary.

Proposed Canadian modifications to proposed ISA 710

We suggest the following modifications, if the IAASB does not make appropriate changes:

1. The requirement in paragraph 7 to consider information that the auditor becomes aware of during the subsequent audit should be strengthened to apply to information obtained from all other sources as well (e.g., quarterly reviews).
2. As noted in the paragraph headed *Compliance with securities legislation* in the Canadian Introduction to the ED, Canadian auditors' reports are required to refer to a predecessor auditor's report on comparative financial statements. ISA 710 does not prohibit this, but does not require it when the predecessor's report is included with the current financial statements. This represents an option that should be eliminated. In proposed CAS 210, elimination of an option (re use of the phrase "true and fair ...") is grounds for modifying the ISA. Why does that not apply in this case? It should be modified to exclude the option to not require reference to the predecessor auditor.

Other comments

1. We intend to respond to the IAASB on at least the following issues:
 - The distinction between comparative figures and comparative financial statements is very subtle. The ISA is written as though it is this distinction that drives the reporting. We believe it is the different reporting that drives the distinction. This part of the ISA is extraordinarily difficult to follow. Given that the audit procedures are the same in both cases, and the financial statements appear the same, we fail to see why the distinction is even necessary. The ED should be based on the different reporting requirements when the auditor reports on the comparative information and when the auditor does not.
 - The audit evidence requirements in paragraphs 6 through 8 are out of place in this ED and the requirement in paragraph 7 should be strengthened to apply not only to information obtained in the current year's audit, but from all other sources as well (e.g., quarterly reviews).
 - Paragraph 17 begs several questions. What if the predecessor auditor does NOT agree to reissue his or her opinion? What if last year's opinion WAS modified?
2. Since we do not encounter modified opinions in our work, we have not commented on these aspects of this ISA.

If you have any comments or concerns about this response, please contact David Selley or Paul Lohnes at CPAB – (416) 913-8260, extensions 4153 and 4155 respectively.

Very truly yours,



Keith Boocock
Chief Executive Officer