



April 15, 2008

Mr. Jim Sylph, CA  
Executive Director, Professional Standards  
International Federation of Accountants  
545 Fifth Avenue, 14<sup>th</sup> Floor  
New York, NY 10017  
USA

Dear Mr. Sylph:

**Re: Exposure Draft (ED), ISA 210, *Agreeing the Terms of audit Engagements***

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

CPAB generally supports this proposed ISA, subject to the following comments:

***Most significant comments***

Paragraph reference	Comment
4 (b), 8 (c)	Without criteria for when agreement of those charged with governance is required, the “where appropriate”, appears to leave the auditor with a free choice. We believe agreement should always be obtained from those charged with governance and therefore that the “where appropriate” should be dropped. If there are circumstances where agreement need not be obtained they should be described, or criteria set out. Throughout this ED, including conforming amendments, there appears to be a suggestion that there are situations where those charged with governance do not have responsibilities for the financial statements. If this is the case, and we are not aware of any, a phrase such as “except when those charged with governance do not have such responsibilities” should be used, rather than “where appropriate”.
4 (b) (ii) c and throughout the ISA and conforming amendments	Unrestricted access should also be required to those in subsidiaries and other affiliates or, if any restrictions exist, the auditor must obtain acknowledgement of the restriction from management and those charged with governance, and a description of the reason for such restriction. The auditor should evaluate the legitimacy of the restriction and, if he or she judges it not legitimate, should not accept the engagement. The phrase “those within the entity” should be broadened accordingly. We note that ISA 600 A15 in effect requires such access for all significant components.

12 and A24	<ul style="list-style-type: none"><li>• We believe the terms of engagement should be reconfirmed in writing for each engagement. In our experience, most practitioners obtain a written engagement letter annually. Further, one or more of the circumstances set out in paragraph A 24 will virtually always exist.</li><li>• Paragraph 12 implies, but should state, that if there are significant changes the terms of engagement shall be revised accordingly.</li><li>• A24, if it is retained, should also cover changes in auditing standards.</li></ul>
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*Other comments for clarity*

Paragraph reference	Comment
4	Why not omit the last paragraph in 4? The point is covered in 4(b)(i).
10	We would prefer to drop this sentence because it may be abused. In the unlikely event that the law or regulation exactly paralleled the requirements in this ISA, and we are not aware of any such case, there is still no harm in repeating them.

If you wish to discuss any of the above comments please contact Kenneth Vallillee at (416) 913-8260 extension 4175.

Yours very truly,



Keith Boocock  
Chief Executive Officer

cc. Mr. Greg Shields, CA  
Director, Auditing and Assurance Standards  
Canadian Institute of Chartered Accountants