



CANADIAN PUBLIC ACCOUNTABILITY BOARD
CONSEIL CANADIEN SUR LA REDDITION DE COMPTES

150 YORK STREET, SUITE 200, BOX 90, TORONTO, ONTARIO M5H 3S5
TEL 416.913.8260 FAX 416.850.9235 WWW.CPAB-CCRC.CA

December 6, 2007

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 Drafts (EDs), CAS 220 and CSQC 1

The Canadian Public Accountability Board (CPAB) is pleased to comment on the above EDs. We will copy you on our response to the IAASB, which we will submit prior to their deadline of December 31, 2007.

Overall, we believe the clarification process and other changes proposed in IASQC 1 and ISA 220 have been carried out effectively. However, we will be commenting to IAASB on a number of important issues relating primarily to definitions and certain material in Application and Other Explanatory Material (Application Guidance).

General comments

1. We are pleased to see that the CICA has concluded that certain modifications need to be made in CSQC 1 and CAS 220. We agree with the proposed modifications to scope and definitions and application guidance in the introduction to the ED. Such changes are particularly needed in text relating to ethical standards, the overall scope of the proposed standard, and use of terminology such as *listed entity*. More changes may be necessary, as set out below and resulting from our IAASB response.
2. We think it would be helpful to have exposed the proposed full text of CSQC and CAS 220. In some cases, text is not provided, which makes responding more difficult.

Specific comments

Reference	Comment
Scope	It will be important to ensure that CAS 220 not be implemented until the new CAES standard is effective, otherwise there will be a gap in the standards.
Practitioner	This term disappears in ISQC 1 and ISA 220 (except once, which is probably a mistake). Given the widespread references to this term in Canadian literature, should this term be retained?
Dating of the report	We agree with moving the date of the auditor's report much closer to the issue date than has been North American practice, and accept the consequences for subsequent events procedures and completion of the engagement quality control review. However, in Canada we believe it is important to retain the concept of <i>issue date</i> because it has significance for legal and regulatory purposes. In the period between the approval and reporting date and the issue date the auditor still has control over the financial statements and the report. For example, the auditor could perform additional audit work and insist on changes to the financial statements should information come to light during this period that would require it.
Engagement team	If the IAASB continues to exclude network personnel who work on the engagement and experts who are part of the team, we believe Canadian practice is sufficiently different that they should be included in CSQC and CAS 220.
Explanatory Guidance	Our response to the IAASB will set out application guidance that we believe should be a requirement, together with reasons. Examples are material in ISQC 1 paragraphs A4 through A6, A20 and following, A 42 and A 44.

If you wish to discuss any of the above comments please contact David Selley at CPAB (416) 913-8260 Extension 4153.

Yours truly,



Keith Boocock
Chief Executive Officer