



CANADIAN PUBLIC ACCOUNTABILITY BOARD  
CONSEIL CANADIEN SUR LA REDDITION DE COMPTES

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

August 23, 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 Draft (ED), *Considering the Relevance and Reliability of Audit Evidence*

The Canadian Public Accountability Board (CPAB) is pleased to comment on the above ED.

We support this ED and agree that there is no reason for any modification to the proposed CAS 500. While a comparison with existing HB5300 indicates that it elaborates in more detail, all the important concepts are carried forward in ISA 500 or elsewhere.

We have copied you on our response to the IAASB with several suggestions for improvement and refer in particular to the following two comments:

In paragraph A5, we find the reference to audit evidence obtained in previous audits to be somewhat misleading in that it refers to ISA 330, which contains a number of examples of evidence obtained in previous audits. Almost all of the references are to controls and there is nothing dealing with substantive testing. We are concerned that some auditors may interpret this comment to mean that they can rely on audit evidence obtained in previous audits for substantive procedures, which is a dangerous interpretation.

We believe paragraph A14 is weak. Not only is there usually evidence of management's intentions, but the absence of such evidence on material matters casts doubt on the existence of the intention itself. For example, evidence of intention to hold or sell an important asset should exist in minutes of meetings, the establishment of working groups with a mandate to consider the transaction, and correspondence with legal counsel or financial advisors (including the auditor's own firm). In the absence of such evidence, the auditor should doubt the validity of the intention.

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We welcome the material on sampling that, together with forthcoming ISA 530, will represent an important and long overdue enhancement of Canadian standards. We notice misunderstanding among Canadian practitioners of sampling concepts, and inconsistency in application and documentation. In particular, the statement that one cannot extrapolate the results of judgmental selection of items over the entire population is an important principle.

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

Yours truly,

A handwritten signature in black ink, appearing to read 'K. Boocock', written in a cursive style.

Keith Boocock  
Chief Executive Officer