



CANADIAN PUBLIC ACCOUNTABILITY BOARD  
CONSEIL CANADIEN SUR LA REDDITION DE COMPTES

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November 8, 2007

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:

**Exposure Draft (ED), ISA 700– *The Independent Auditor’s Report on General Purpose Financial Statements***

The Canadian Public Accounting Board (CPAB) is the oversight body for firms that audit Canadian public companies. To be accepted by Canadian securities regulatory authorities, auditors’ reports on public companies must be signed by a firm in good standing with CPAB.

CPAB is pleased to respond to the above Redrafted Exposure Draft (ED).

We generally support the principles set out in this ED, but have the following comments:

**Request for specific comments**

1. We agree with moving the relevant material from ISA 450 to ISA 700, provided there is an appropriate cross-reference in 450.
2. We have no comments on the description of management’s responsibilities for the financial statements.
3. We have no comment on the IFRS issue set out in the explanatory memorandum.
4. We agree with the treatment of financial reporting frameworks in A9-A11 and A33-A34.
5. We agree with the incorporation of IAPS 1014.

**Application of the clarity principles**

6. Paragraph A2 should be included in the requirements. It should state that such indicators shall be considered in the auditor's evaluation whether the financial statements as a whole are free from material misstatement.
7. There is a serious drafting error in paragraph 31. This paragraph states "the auditor's opinion shall ... **use one of the following phrases** ...:
  - (a) The financial statements give a true and fair view in accordance with the applicable framework; or
  - (b) The financial statements present fairly, in all material respects, in accordance with the applicable financial reporting framework."  
(emphasis added)

The example reports in the three illustrations do not in fact use either of the phrases. We know what is meant, but since these standards will be used as a basis for law in Canada, the material should say what it means. One solution would be to put the phrase "the applicable framework" in parentheses.

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, CA  
Chief Executive Officer

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