



CANADIAN PUBLIC ACCOUNTABILITY BOARD
CONSEIL CANADIEN SUR LA REDDITION DE COMPTES

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April 15, 2008

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

Dear Mr. Sylph:

Re: Exposure Draft (ED), ISA 710, *Comparative Information – Corresponding Figures and Comparative Financial Statements*

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

General comment

The ED is based on the notion that the nature of the comparative information drives the reporting. In fact, it appears that the reporting drives the status of the comparative information. The definitions of corresponding figures and comparative financial statements set out in 5 (b) and (c) are virtually indistinguishable from each other and are very contrived. To the reader of the financial statements, they both look the same; for the auditor, the procedures are the same in both cases. The ISA should distinguish only between comparative information that the auditor opines on and comparative information that the auditor does not. All that is then needed is an ISA that deals with auditing procedures for comparative information and a separate reporting standard that simply says the auditor may, or may not, report on comparative information, depending on regulatory and statutory requirements or the terms of engagement, and set out the reporting requirements in each case. ISA 580 (rather than ISA 710.8) would indicate that when comparatives are reported on the representation letter should cover the comparative information as well.

Specific comments

Paragraph reference	Comment
6 and 7	<ul style="list-style-type: none">The requirements in these paragraphs are audit evidence requirements, rather than reporting requirements. Based on the title of the ED, a reader would not expect to find them here.

	<ul style="list-style-type: none">• We believe paragraph 7, whether or not it is moved, needs to be strengthened as follows: If the auditor becomes aware of a possible material misstatement in the comparative information while performing the current period audit, <u>or in any other way</u>, the auditor shall perform such additional audit procedures as are appropriate <u>necessary</u> in the circumstances to obtain sufficient appropriate audit evidence to determine whether a material misstatement exists <u>in the comparative information</u>. Such information may become apparent, for example, during performance of quarterly reviews in the current period.
10 and A3	Paragraph 10 deals with the situation where the matter that gave rise to the prior period modification remains unresolved; but the converse, where the matter is resolved, is dealt with at A3 – lower level of standard. These should both be covered in the requirements.
17	What if the predecessor auditor does not agree to reissue his or her opinion?

If you wish to discuss any of the above comments please contact Ken Vallillee at CPAB (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