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James Sylph  
Technical Director  
International Auditing and Assurance Standards Board  
International Federation of Accountants  
545 Fifth Avenue, 14th Floor  
New York, New York 10017 USA

Dear Mr. Sylph:

Thank you for the opportunity to provide feedback on the IAASB's Exposure Draft, ISA 600 (Revised), "The Work of Related Auditors and Other Auditors in the Audit of Group Financial Statements."

Please consider the following recommendations:

1. Paragraph 22 (e) discusses the assurances that the group auditor should get from the related or other auditor. The last sentence in clause (e) states that *the list does not include misstatements that were not corrected because they are below the threshold set by the group auditor for clearly inconsequential misstatements.*

The group auditor should also obtain assurance from the related or other auditor that the unreported below threshold uncorrected misstatements do not aggregate to an amount that would be material or, if they were aggregated with the reported known and most likely errors, the total of the errors would not exceed materiality.

2. Paragraph 38 discusses amending the auditor's report to disclose the amount of work done by other auditors.

If the audit committee is satisfied that with the group auditor and the other auditors that the group auditor has contracted to and, if the group auditor has followed all the other criteria laid out in the previous section, why do we require that the report be annotated to disclose the work of the other auditors? The effect of this could be misconstrued. It could be taken to mean that the auditor cannot really handle the group audit. The auditor may have the expertise to perform the group audit, but may not have sufficient staff at the appropriate level to perform the audit efficiently. By utilizing the staff and expertise of another firm, they may be able to effectively perform the audit of organizations that they alone could not service. As long as the group auditor has followed all the other rules relating to quality assurance, they should not be required to modify the auditor's report. This is particularly critical for small and medium size practitioners.

3. Paragraph 12 discusses that the group auditor should not accept an engagement unless they directly perform work on at least 50% of the assets, liabilities, cash flow or turnover.

There should be no set percentage of the assets, liabilities, cash flow or turnover that determines if the group auditor can perform the audit on group financial statements. By imposing a set percentage, you may eliminate small and medium size practices from performing the audit of group financial statements that they, and a group of auditors that they have assembled, are capable of performing. Auditing firms may have relationships with other auditors to work on group financial statements, and the relationship may be such that the qualification and quality control systems are similar but the firms are not technically related. As long as the group auditor has performed

the proper due diligence in establishing the relationship with the other auditors, no set percentage needs to be applied.

4. Paragraph 21: If the group auditor is not satisfied as to the independence, professional qualifications, professional competence or resources of the other auditor, they should not rely on the work done by the other auditor. The concerns regarding any one of the above issues should be communicated to group management. If the group or component management is unable or unwilling to have the other auditor replaced, then they should be advised that the group auditor will have to perform additional tests on the component financial statements to satisfy themselves as to whether or not the statements are free of material misstatements.

5. Paragraph 34 discusses that if the group auditor considers that a component has individual financial significance or significant risk, they may wish to visit the component.

The guideline should be strengthened to state that the group auditor “should” — not “may” — visit the component. This will give the group auditor a clearer understanding of the component and the related risks.

We hope this input will prove useful in your deliberations.

Regards,

[Original signed by:]

Anthony Ariganello, B.Comm, CGA  
President and CEO