

November 27, 2007

International Federation of Accountants  
c/o IAASB ED Comments  
545 Fifth Avenue, 14<sup>th</sup> Floor  
New York, NY 10017, USA

Attention: Mr. John Kellas, Chair

Dear Mr. Kellas:

The Certified General Accountants Association of Canada (CGA-C) welcomes the opportunity to comment on the consultation paper, Proposed Strategy for 2009-2011 issued by the International Auditing and Assurance Standard Board (IAASB) in October 2007.

CGA-C agrees with the broad objectives of the IAASB; that of achieving its intentions by concentrating on the development of standards; global acceptance, convergence and partnership; and communication. We are equally supportive of the proposed approach suggested to achieve these strategic objectives by focusing on: contributing to the effective operation of the world's capital markets; assisting with the implementation of standards; and addressing the needs of small and medium-sized enterprises (SMEs).

We would, however, wish to speak to the particular deployment of these objectives and how the IAASB envisions enacting these proposals.

### **World Capital Markets**

We wholeheartedly support the development of high-quality auditing standards which will contribute to the effective operation of the world's capital markets through the production of high-quality financial reporting resulting from these standards. This objective, by virtue of its nature, will put public interest at the forefront; a purpose which all professional accounting bodies can endorse.

The IAASB should continue to press for the acceptance of ISAs by market regulators for use in cross-border offerings; this makes practical sense in order to facilitate the growth of international capital markets.

CGA-C agrees with the action plan as articulated in A.1, enhancing public confidence in financial reporting through the development of high-quality international standards in auditing. The suggestions under the performance and reporting standards make practical sense in achieving these goals. Further, the technological considerations that are relevant to XBRL make are sensible, particularly when considering harmony with the largest and most active capital markets in existence today.

CGA-C does not necessarily support the proposal to revise ISAE 3400, the examination of prospective financial information. The project will likely be very challenging, will likely not be widely used on an international basis (at least at the present time) and it will be difficult to determine a harmonized approach. We would recommend that this particular project be given a lower priority.

### **Assisting with the Implementation of Standards**

With respect to the items suggested under B.1, the implementation of standards, we strongly voice our support of a moratorium on any new auditing standards once the clarity project has been completed. This will allow for auditors and national standards setters to fully disseminate the materials to various stakeholders.

We agree that the IAASB should develop a process for assessing the effectiveness of the implementation of new standards. This will not only legitimize the requirement for the new standard in the first order, but will identify any further revisions which may be necessary. Our caution, however, would be that the process be transparent and defensible to all stakeholder groups. This should, at a minimum, be accompanied by impact assessments and post implementation reviews.

With respect to the development of implementation guidance, we strongly encourage the IAASB to consider the provision of bulletins, practice aids and training materials which would enhance member body and practitioner understanding of the materials. This would greatly bolster adoption of the materials and acceptance worldwide. It will naturally be necessary that each of these categories of communication be tailored to address the different audience needs. While we recognize that not all member bodies would support this view, in the interests of smaller member bodies with limited resources, or those from developing nation jurisdictions, we would promote consideration of this recommendation. In order to address the concerns raised over the status of such implementation guidance, we would suggest that the materials be identified as non-authoritative and interpretative in nature to ensure that the materials do not carry the authority of the standards themselves.

We note that para.34 specifically refers to the need for guidance on how to implement ISAs, in particular in audits of the financial statements of SMEs and entities in emerging economies. We would encourage the IAASB to closely review the work of the IFAC SMP Committee, and their ISA Guide project, which may very well address much of what you would hope to accomplish.

### **The Needs of SMEs**

We strongly agree that the IAASB needs to revise ISRE 2400, engagements to review financial statements. This is so because the current standard requires some revision but also reflective of the reality that many jurisdictions are presently reviewing the issue of an assurance alternative. Should these jurisdictions elect to utilize financial statement review as the solution or an alternative to an assurance alternative, a revised standard would be helpful at initial implementation. That is, rather than working with the existing standard and subsequently needing to re-educate themselves with the revised standard. Accordingly, we also feel that this particular project should be given a higher priority.

Using the same rationale, we would also support the proposal to explore the alternative assurance service for SMEs, and if such consultation reveals a solution which is different from ISRE 2400 and ISRS 4410 that the IAASB undertake to develop said standard.

### **Closing Comments**

We are in agreement with the IAASB's promotional objectives as detailed in the consultation paper, and equally support the current activities specified that are intended to continue as part of the existing mandate.

We wish to congratulate the IAASB on the development of a very ambitious strategy for 2009-2011. We are concerned that the proposals can be executed with the current staffing compliment as described under para.10; as you would expect, this will require close concentration on those items which are deemed to have the highest priority.

We would also encourage the IAASB to consult with the other various boards and committees of IFAC in order to ascertain where synergies and commonalities in work programmes might exist, which may result in the ability to share the burden of work and/or resources.

Should you wish to consult with us further on your consultation paper, we welcome you to contact Ms. Dawn McGeachy, BAccS, FCUIC, ACUIC, CGA, Senior Associate, Public Practice at [dmcgeachy@cga-canada.org](mailto:dmcgeachy@cga-canada.org) or the undersigned at [rlefevre@cga-canada.org](mailto:rlefevre@cga-canada.org).

Yours truly,

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

Rock Lefebvre, MBA, FCIS, FCGA  
Vice-President, Research & Standards