



Certified General
Accountants
Comptables généraux
accrédités

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November 30, 2003

Ian Ball
Chief Executive Officer
International Federation of Accountants
535 Fifth Avenue, 14th Floor
New York, New York 10017

Dear Mr. Ball:

Re: Response to Proposed Statements of Membership Obligations (SMOs)

CGA-Canada welcomes the opportunity to comment on the Statements of Member Obligations. We are pleased to report that many of the practices noted in the document are already in place within our Association.

There are a number of items we would like to provide comment on:

SMO 1: Quality Assurance

We have provided specific comments to the underlying document entitled "International Standard on Quality Control 1" in a separate letter. In summary, ISQC 1 is a document that is focused on the large firm. Some of the obligations contained in that document are not appropriate for a small or medium size firm. Small firm issues such as access to qualified professionals, partner rotation, ability to implement additional policies and procedures and increasing costs in a competitive market will all serve to pose a burden on these professionals.

In paragraph 46 of SMO 1 is a requirement that an annual summary report of the results of quality assurance reviews should be made into a publicly available report. While CGA-Canada has no issue with transparency as our compliance rate is very high, we feel that our compliance measures which include escalated reporting on an exception basis would be more appropriate.

As a member body that is comprised of several affiliates it will take time to revise our current review program, implement the additional components of an efficient and effective quality assurance program, provide additional training for reviewers and communicate these additional requirements to our practitioners. As such, our concern rests with the implementation date. We request that the date be amended to July 31, 2005 or ideally January 1, 2006.

SMO 2: International Accounting Education Standards (IESs)

CGA-Canada supports the IESs issued to date. We will be separately responding to the recent exposure draft on Continuing Professional Development issued by the Education Committee. It is our opinion that the requirement of 120 learning units over three years is onerous. We have had mandatory professional development for a number of years and have found that 100 units has worked well, strikes the balance between onerous and insufficient. We have an extremely high compliance rate.

SMO 3: International Standards on Auditing (ISAs)

CGA-Canada is familiar with and supports ISAs. However in our responses to exposure drafts we have expressed a general concern regarding the difficulty of implementation for small and medium size firms. We are pleased that the SMP Task Force is now part of IFAC's permanent structure. As an SMP Task Force member we can provide valuable input to IAASB from a small and medium size enterprise perspective.

It should be noted that ISAs are not GAAS in Canada and therefore adoption of ISAs would require changes to be made by other regulatory bodies (for example securities exchanges) at both a provincial and a national level.

SMO 4: IFAC Code of Ethics for Professional Accountants

CGA-Canada supports the integration of the IFAC Code of Ethics by means of incorporation into our existing code. We will be making changes to our Code to ensure that the two are aligned. We will be making a separate response to the exposure draft entitled “Proposed Revised Code of Ethics for Professional Accountants.” We have no issue with the implementation date.

SMO 6: Investigation and Discipline

CGA-Canada has no specific comments with respect to this statement. We support the use of an investigative and disciplinary regime and have no issues with the implementation date.

SMO 7: International Financial Reporting Standards (IFRSs)

CGA-Canada is familiar with and supports IFRSs. However, this is not the standard on financial reporting in Canada and therefore adoption of IFRSs would require changes to be made by other regulatory bodies (for example securities exchanges) at both a provincial and the national level.

In some cases there are statutory requirements that obligate Member bodies or their Affiliates to deviate from the requirements set out in the statement. We understand that these requirements will be met within the “best endeavours” test.

We thank you for the opportunity of providing feedback and hope these comments will be useful in your deliberations.

Sincerely,

[Original signed by:]

Anthony Ariganello, B.Comm, CGA
President and COO

cc: Sylvie Voghel, FCGA - Member, IFAC Board