

October 3, 2006

The Canadian Institute of Chartered Accountants  
c/o Greg Shields CA  
Director - Auditing and Assurance Standards  
277 Wellington Street West  
Toronto, ON M5V 3H2

Dear Mr. Shields,

RE: AASB Exposure Draft – The Auditor’s Standard Report

The Committee on Corporate Reporting of Financial Executives International Canada (“FEI Canada”) is writing to provide its views on the exposure draft “The Auditor’s Standard Report” issued on July 2006.

FEI Canada is an all-industry professional association of senior financial executives, with eleven chapters cross Canada and more than 1800 members. Membership is generally restricted to senior financial officers of medium to large corporations, as well as senior financial officers in public sector organizations.

The Committee on Corporate Reporting (“CCR”) is one of two national advocacy committees of FEI Canada. CCR comprises more than 20 senior financial executives representing a broad cross-section of the FEI membership and of the Canadian economy who have volunteered their time, experience and knowledge to consider and recommend action on a range of issues related to accounting, corporate reporting and disclosure. In addition to advocacy, CCR is devoted to improving the awareness and educational implications of the issues it addresses, and is focused on continually improving the standards and regulations impacting corporate reporting.

The remarks contained in this submission are made by members of CCR and do not necessarily represent the views of all FEI Canada members or its Board.

We do not agree with the AASB’s proposal that in describing the auditor’s responsibilities regarding internal control in the financial statement audit, the auditor’s standard report should include the words “accordingly, the auditor expresses no such opinion”.

In our response to the AASB’s proposed strategy of adopting International Standards on Auditing issued by the International Auditing and Assurance Standards Board, we explained the importance of adopting the standards as is without minor wording changes if the benefits of international alignment were to be realized. We do support changes where there are unique Canadian circumstances which warrant such a change.

However, on this occasion we do not agree that there are unique Canadian circumstances which would warrant a deviation from the words used in the international standard.

There is no requirement for auditors of Canadian companies to express an opinion on the effectiveness of internal controls. The Canadian Securities Administrators has also confirmed that it will not require auditor certification on the effectiveness of internal controls for listed entities. We are therefore in the same position with respect to this issue as other countries where international standards are applicable and, as such, we believe there are no unique Canadian circumstances that warrant a change to the wording in the international standard.

We appreciate that there are some Canadian companies which are required to have their auditors issue an audit opinion on internal controls by virtue of their listing in the US. The number of these companies is relatively low compared to the total number of companies which are currently audited today. Making a change to the wording of the international standard on the basis that US requirements require an audit opinion on internal controls is inconsistent with the approach adopted by the Accounting Standards Board and we are of the opinion that the two Boards should be consistent in their adoption of international standards in respect of auditing and accounting. In addition, the proposed additional language may be in conflict with other audit opinions that interlisted companies may file in respect of internal controls.

CCR hopes that its comments will be useful to the Board in its ongoing deliberation. If you have any questions or would like to discuss our comments with us, please do not hesitate to contact us.

Yours very truly,



Alister Cowan  
Chair – Committee on Corporate Reporting  
FEI Canada