

November 22, 2013

Technical Director  
International Auditing and Assurance Standards Board (IAASB)  
545 Fifth Avenue, 14th floor  
New York, (NY)  
USA - 10017

**RE : Exposure Draft - Reporting on Audited Financial Statements : Proposed  
New and Revises International Standards on Auditing (ISAs)**

Dear Director :

Concerning the above-mentioned exposure draft, we are preoccupied by the consequences of the implementation of two proposals, namely, the new section of the report concerning the going concern and the one on key matters considered significant during the audit.

### Going concern

We believe that the stipulations of the actual standard ISA 570 regarding the communication on going concern are sufficient. According to the standard, the auditor should inform the user only when there is a significant uncertainty regarding the going concern, whether it is reported or not in the financial statements.

According to the proposed addition, even without significant uncertainty, the auditor should systematically declare in his report that, in substance, the financial statements have been prepared by the management on a going concern basis. At the same time, the auditor should declare that neither him nor the management can guarantee the entity's ability to continue his operations. This addition is certainly going to create some users' confusion on such an important element as the going concern. This is particularly true for governments.

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## Key Audit Matters

On the one hand, adding information on elements of the financial statements presenting significant risks for the auditor or on elements on which he had been required to make important judgements don't add any relevant and significant information. Indeed, the auditor report will stipulate the nature of his work on these elements, the reasons justifying his choice to communicate them and make a reference, where appropriate, to the information included in the financial statements. In such circumstances, the auditor report could become an « Executive Summary » of the financial statements. We are of the view that the auditor is going to stand in place of the preparer of the financial statements. Moreover, the information reported by the auditor might be repetitive, as the audit procedures on these elements are likely to be the same over time.

On the other hand, according to the proposal, the auditor could declare in his report the significant difficulties met during his audit work or the circumstances leading to make important changes to his initial audit strategy. This public communication risks to adversely affect the collaboration between the auditor and the management and, thus, could impair the conduct of the audit. It could also generates questions on the reasons that led the auditor to do not modify his opinion in spite of the problems he have met during his audit.

Currently in his report, the auditor provides an opinion whether the financial statements, as a whole, present a faithful picture, in accordance with a recognized accounting framework. The auditor also specifies that he has gained sufficient appropriate audit evidence in order to establish his opinion. This model is very well understood by the users. The addition of key matters, after all secondary compared to his opinion, risks to affect its credibility when these matters don't change anything in his unqualified audit opinion.

Lastly, even if the International Auditing and Assurance Standards Board (IAASB) is still going ahead with his project, some instructions should guide the identification and description of the key matters in order to harmonize the practice and the information presented in the report. For example without such instructions, depending of the auditor, entities with similar derivative financial instruments in terms of fair value and significant risk, could make different choices about the elements to report and how to do it. Thus, the users of these reports will have different information for similar elements in the financial statements. This situation can be confusing for the users.

In sum, we are of the view that no additional information should be reported in the audit report accompanying the financial statements, the opinion on the fairness of the presentation being sufficient and conclusive in itself.

We hope that our comments will be helpful as you continue your work.

Yours truly,

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Director General  
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Vicky Lizotte, CPA, CA  
Director, standards

Working Paper - Translation