



July 31, 2005

Mr. Jim Sylph  
Technical Director  
International Federation of Accountants  
545 Fifth Avenue, 14th Floor  
New York, NY 10017

Dear Mr. Sylph:

We appreciate this opportunity to comment on the proposed revised International Standard on Auditing (ISA) 600 (revised), *The Audit of Group Financial Statements*, (the “proposed standard”) as developed by the International Auditing and Assurance Standards Board (IAASB). We are strongly supportive of the development of this guidance as we believe the issuance of further standards on this subject matter is critical. We applaud the IAASB’s decision to combine the previous IAPS and ISA into one document and to strengthen the procedures contained therein. We believe the new standard demands the increased rigor necessary in this complicated area.

At the end of this document are comments for consideration by the IAASB. Following are our responses to the specific questions posed in the explanatory memorandum to the exposure draft:

**Question 1 – Is the approach to the work of other auditors practical, having regard to the elimination of the divided responsibility option?**

Yes. We strongly believe that in order for the group auditor to assume full responsibility for the audit of the group financial statements, he or she must perform the work necessary to take on that responsibility. We feel that the procedures required by the proposed standard appropriately describe this minimum level of necessary work.

**Question 2 – Are the revised standards and guidance on accepting and continuing an engagement to audit group financial statements appropriate?**

Yes, we believe the standards and guidance contained in the proposed ISA have been appropriately strengthened.

**Question 3 – Do the revised standards and guidance on access to information, given various laws of jurisdictions, give rise to any unnecessary foreseeable difficulty?**

Because of strict laws in certain jurisdictions, access to certain information in specific countries may be limited between unrelated auditors. In these situations, although the revised standards may cause some difficulties, we do not believe that these difficulties are “unnecessary.” We believe it is critical that a group auditor who is assuming full responsibility for an audit of group financial statements be given sufficient access to the working papers, management and company records of components which the group auditor does not directly audit. We strongly believe that to not have such access is clearly a limitation of scope.

**Question 4 – Is the proposal to move the guidance originally contained in the proposed IAPS to the proposed ISA appropriate?**

We strongly support the combination of the guidance into one document. Not only will it make the standards and guidance more user-friendly, as it is all located in one place, it appropriately elevates material which once resided in the IAPS.

**Comments**

• **Paragraphs 80-81**

In order to provide further examples of the phrase in paragraph 80, “relevant parts of the other auditor’s audit documentation,” and to clarify the difference in the extent of the review if the other auditor is a related auditor, we suggest the following revisions to paragraph 81 (additions are shown in bold underline):

81. The parts of another auditor’s audit documentation that will be relevant may vary depending on the circumstances. Ordinarily the group auditor, or a related auditor on behalf of the group auditor, focuses on audit documentation that is relevant to the significant risks of material misstatement of the group financial statements, **as well as audit documentation related to understanding the audit plan and audit documentation related to the memorandum or summary of work performed.** The extent of the review ordinarily is affected by the fact that the other auditor’s documentation has been subjected to the other auditor’s firm’s review procedures. **Additionally, the extent of the review ordinarily is less if the other auditor is a related auditor.**

• **Public Sector Perspective, last line**

Change “affect” to “effect.”

- **Appendix 5, Other Information, Bullet 2**

Delete sub-bullet #7 (*Matters relating to compliance with laws and regulations*), as it is duplicative of sub-bullet #4 (*Instances of non-compliance with laws and regulations applicable to the component that could have a material effect on the group financial statements*).

Add the following as a sub-bullet (additions are shown in bold underline):

**Conclusions reached by the other auditors when performing tests of design and implementation, and where applicable, tests of operating effectiveness of controls, and the impact of such conclusions on the audit strategy.**

- **Appendix 6, We confirm that:**

“2. The instructions are clear...” should logically come before “1. We will be able to comply with the instructions...”

- **Appendix 6, In connection with the work that we will perform...**

After the phrase “[name of component]”, the words from “a [describe component]” to “[name of parent]” should be cut and instead pasted earlier in the document where “[name of component]” is first mentioned.

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We would be pleased to discuss our letter with you or your staff at your convenience. If you have any questions, please contact P. Nicholas Fraser at + 1 (212) 492-4118.

Very truly yours,

/s/ Deloitte Touche Tohmatsu