



March 19, 2007

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 proposed International Standard on Auditing (ISA) 230 (Redrafted), *Audit Documentation* (the “proposed standard”) as developed by the International Auditing and Assurance Standards Board (IAASB). We are supportive of the development of this guidance and believe, overall, that the redrafting of the proposed standard was completed in accordance with the clarity conventions and criteria adopted by the IAASB.

Within our recommendations for editorial changes, additions are noted in “bold underline” and deletions in “double strike-through.”

### **Responses to Questions Posed in the Explanatory Memorandum**

1. *Is the objective to be achieved by the auditor, stated in each of the proposed redrafted ISAs, appropriate?*

We believe that the objective could be shortened as the first and second parts of the objective seem redundant. If the auditor has sufficient and appropriate evidence that the audit was performed in accordance with ISAs and applicable legal and regulatory requirements, then the auditor has a record of the basis for the auditor’s report. Therefore, we recommend the following change:

“The objective of the auditor is to have ~~a~~ sufficient and appropriate ~~record of the basis for the auditor’s report, and~~ evidence that the audit was performed in accordance with ISAs and applicable legal and regulatory requirements.”

2. *Have the criteria identified by the IAASB for determining whether a requirement should be specified been applied appropriately and consistently, such that the resulting requirements promote consistency in performance and the use of professional judgment by auditors?*

We believe that the criteria identified by the IAASB for determining whether a requirement should be specified have been applied appropriately and consistently, with the exception described below.

In redrafting paragraph 19 of the extant standard into paragraph A10 of the proposed standard, the lead-in language to the list of consideration factors was changed from matters the auditor “may consider” documenting to language that reads more like an implicit requirement:

A10. “Examples of circumstances in which **it would be appropriate** to prepare audit documentation related to the use of professional judgment include, where the matters and judgments are significant:” [emphasis added]

We are therefore unsure whether the auditor is implicitly required by bullet 1 of paragraph A10 to document the information or factors considered for each “shall consider” requirement in the ISAs that relates to a significant matter. We recommend that the IAASB clarify the meaning of the paragraph in order to promote consistency in practice.

*3. Do you agree with the changes described above as being helpful to the clarity of the redrafted ISA, including whether considerations in the audit of small entities have been dealt with appropriately?*

We agree with the changes made by the IAASB to enhance the clarity of the proposed standard, as described in the explanatory memorandum.

#### **Comments by Paragraph**

- **Paragraph A3**

Paragraph A3 states:

“The audit documentation for a specific audit engagement is assembled in an audit file.”

While we recognize that this is a statement of fact, we believe that some readers may be confused by the use of the present tense in the application material section, and therefore recommend that the sentence be deleted.

We would be pleased to discuss our letter with you or your staff at your convenience. If you have any questions, please contact Jens Simonsen, Director of Global Audit Services at +1 212 492 3689 or John Fogarty, Chairman – DTT Assurance Technical Policies and Methodologies Group at + 1 203 761 3227.

Very truly yours,

