



December 18, 2007

Mr. Jim Sylph
Executive Director, Professional Standards
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) 800, Special Considerations - Audits of Special Purpose Financial Statements and Specific Elements, Accounts or Items of a Financial Statement, (the "proposed standard") as developed by the International Auditing and Assurance Standards Board (IAASB).

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

RESPONSES TO THE APPLICATION OF THE CLARITY DRAFTING CONVENTIONS:

1. Is the objective to be achieved by the auditor, stated in the proposed redrafted ISA, appropriate?

No, we believe that the objective as stated in the proposed redrafted ISA is not appropriate. We believe that the objective is both unclear and overly complex. Therefore, we recommend the following changes:

6. The objective of the auditor is to ~~apply the ISAs by~~ **appropriately** addressing the special considerations that are relevant to ~~an~~

~~(a) The acceptance of an engagement to audit~~ **of** special purpose financial statements or a specific element, account or item of a financial statement, ~~and~~

~~(b) The planning and performing of, and reporting on, that audit.~~

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 reporting, and the use of professional judgment by auditors?

Yes, we believe that the criteria have been applied appropriately and consistently, and that the resulting requirements promote consistency in performance and reporting, and the use of professional judgment by auditors.

COMMENTS BY PARAGRAPH:

• **Paragraph 14:**

The heading above this paragraph is titled “Restriction on Use and Distribution.” Accordingly, we recommend the following editorial revisions:

14. The auditor’s report on the special purpose financial statements shall include a statement that the financial statements are prepared in accordance with a special purpose framework and that, as a result, the financial statements and related auditor’s report may not be suitable for another purpose. The statement shall be included in a separate paragraph following the auditor’s opinion and under the heading Other Matter – Restriction on Use **and Distribution**.

• **Paragraph A6:**

The last sentence of this paragraph explains that in some circumstances, we may issue a report on financial information “that is not neutral, but nevertheless acceptable in the circumstances of the engagement.” We do not believe it is appropriate to be associated with information which is not neutral, as it implies we are client advocates, as opposed to public advocates. We suggest that the IAASB develop a different example from the one which this last sentence explains.

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,

