



February 15, 2008

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) 620, Using the Work of an Auditor's Expert, (the "proposed standard"), as well as Conforming Amendments to Proposed ISA 500, Considering the Relevance and Reliability of Audit Evidence, (the "proposed conforming amendments"), as developed by the International Auditing and Assurance Standards Board (IAASB).

Throughout this comment letter, within our recommendations for editorial changes, additions are noted in "bold underline" and deletions in "double strike-through."

Beyond our comments noted below, we wanted to specifically highlight our full support for the exclusion of "external experts" from the definition of "engagement team."

RESPONSES TO SPECIFIC QUESTIONS:

Below are our views on the specific areas identified by the IAASB in the exposure draft of the proposed standard.

1. The proposal that proposed ISA 620 deal exclusively with considerations relevant to using the work of an auditor's expert, and accordingly material dealing with the work of management's experts be expanded and moved to ISA 500.

We strongly believe that it is important to retain material regarding using the work of management's experts within the ISAs, and not only have a standard on using the work of auditor's experts. We support the IAASB's decision to include this material in ISA 500.

However, we believe that the application material in proposed ISA 500 should also include the following requirements which are equivalent to requirements in the proposed ISA 620:

- *Obtaining an understanding of the management expert's field of expertise (similar to proposed ISA 620, paragraph 10)*
- *Evaluating the adequacy of the management's expert's work (similar to proposed ISA 620, paragraphs 12 and 13 and A26-A34)*

We also believe that the proposed ISA 500 should address:

- *The auditor's evaluation of the adequacy of the scope of work and instructions given to the management's expert. For example, management has to specify if an actuary's valuation has to be performed on an IAS 19, FRS 17 or any other valuation basis.*
- *The auditor's consideration of the information given to management's expert. Using the same example, has the auditor considered whether the payroll information given to the auditor is accurate before accepting management's use of the actuary's estimate in the accounts?*

2. The proposal that the definition of "expert" in proposed ISA 620 exclude persons or organizations possessing expertise in accounting or auditing.

We support the IAASB's proposal of excluding "persons or organizations possessing expertise in accounting or auditing" within the definition of "expert." We believe that these persons or organizations are subject to the requirements of the other ISAs, but not specifically ISA 620.

RESPONSES TO THE APPLICATION OF THE CLARITY DRAFTING CONVENTIONS:

Are the objectives for the proposed ISA appropriate, and are the proposed requirements appropriate responses to those objectives.

No, we believe that improvement can be made to the objective in the proposed standard, to better align paragraph 5(b) with the wording in the extant standard, paragraph 2. Our suggestion is as follows:

5b. If using the work of an auditor's expert, to ~~determine whether~~ obtain sufficient appropriate audit evidence that such work is adequate for the purposes of the audit.

Additionally, to improve clarity, we suggest that the word "consider" be replaced by either "evaluate" or "assess" as appropriate. Within proposed ISA 620, see paragraphs 2 (consideration), A12 (considering), A26 (consideration), A28 (considering), and A29

(considering). Within proposed ISA 500, see paragraphs A30a (considering) and A30c (considering).

OVERALL COMMENTS:

- **“Individual” as the expert or “company/firm” as the expert**

We believe that both ISA 620 and ISA 500 were unclear as to whether the auditor’s or management’s experts were the “individual” actually performing the specific work, or the “company/firm” engaged to perform the work. This would be specifically relevant to the following requirements in the proposed standard and conforming amendment:

Proposed ISA 620

- Paragraph 8(d) – Consideration of the knowledge of and experience with previous work performed by that expert
- Paragraph 9 – Evaluation of necessary capabilities, competence and objectivity of the expert
- Paragraph 10 – Obtaining a sufficient understanding of the field of expertise of the expert
- Paragraph 11 – Agreement in writing with the expert

Proposed ISA 500

- Paragraph 12(c) - Evaluation of necessary capabilities, competence and objectivity of the expert

We recommend that the IAASB add application material to both the proposed standard and conforming amendment to clarify that when referring to “an expert,” facts and circumstances of the engagement and work being performed by the expert will dictate whether evaluation of that expert should be evaluation of (1) the actual individual performing the work, or (2) the company or firm for which the expert works.

- **Capabilities and competence**

We believe that the distinction between the two terms “capabilities” and “competence” is not sufficiently clear. Additionally, the word “capabilities” does not appear in the extant standards. Accordingly, we recommend that it be deleted throughout the proposed standard and the conforming amendments.

COMMENT BY PARAGRAPH:

- **Paragraph 11: Agreement in Writing**

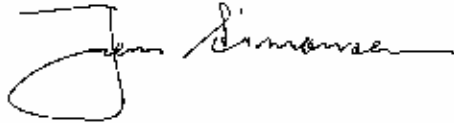
Paragraph 11 states that the auditor shall agree, in writing when appropriate, certain matters with the auditor’s expert. We suggest that application material in paragraphs A20 through A22 be revised to more fully clarify that when the expert is an auditor’s internal

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expert, the written agreement is usually less formal, and could be simply an audit program which is split between the auditor's internal expert and other members of the engagement team.

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,

A handwritten signature in black ink, appearing to read "Jens Simonsen". The signature is written in a cursive style with a large, stylized initial "J".