

May 6, 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) 402, Audit Considerations Relating to an Entity Using a Third Party Service Organization (the “proposed standard”), as developed by the International Auditing and Assurance Standards Board (IAASB).

RESPONSES TO THE APPLICATION OF THE CLARITY DRAFTING CONVENTIONS:

Is the objective for the proposed ISA appropriate, and are the proposed requirements appropriate responses to that objective?

Yes, we believe that both the objective and the requirements are appropriate.

RESPONSES TO SPECIFIC QUESTIONS:

Is the ISA capable of being adapted, as necessary in the circumstances, to situations where an entity uses a shared service center which provides services to a group of related entities?

Yes, we believe the proposed standard can be adapted to a situation where an entity uses a shared service center.

Are there additional opportunities within the Application and Other Explanatory Material where additional guidance related to shared service centers could be added to enhance the ISA without duplicating material in other ISAs?

We do not have any specific suggestions for additional application material.

COMMENTS BY PARAGRAPH:

• **Paragraph 11(c)**

The third bullet in paragraph 11 states that the user audit may request that a service auditor be engaged to perform procedures “that will provide the necessary information.” It is unclear whether the user auditor should request a Type A or Type B report, or some other information. We believe it would be helpful to clarify in the application material what is meant by “necessary information.”

• **Paragraph A16**

We believe that paragraph A16 contains a conditional requirement (to modify the opinion in the auditor’s report if the auditor is unable to obtain an understanding of the user entity’s internal control relevant to the audit) which should be elevated to a requirement.

• **Paragraph A29**

We suggest including specific additional guidance in paragraph A29 as to how the user auditor would become “satisfied” as to the service auditor’s independence, as required by paragraph 15. This would be especially helpful in determining how the user auditor would assess compliance with standards in the service auditor’s jurisdiction.

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".