



September 25, 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) 200, *Overall Objective of the Independent Auditor, and the Conduct of an Audit in Accordance with International Standards on Auditing* (the “proposed standard”) as developed by the International Auditing and Assurance Standards Board (IAASB).

We are fully supportive of the development of this guidance and believe that significant improvements have been made in the revision of the proposed standard. We also believe that the overall redrafting of the proposed standard was completed in accordance with the clarity conventions and criteria adopted by IAASB.

COMMENTS BY PARAGRAPH:

• **Heading: “Overall Objective of the Independent Auditor”**

The heading above paragraphs 4 to 6 is confusing, as it relates to both the “section” of paragraphs 4 to 6 as well as “all” paragraphs from 4 through 15. Additionally, paragraphs 4 to 6 discuss both the objective of the “audit” as well as the objective of the “auditor.” To eliminate this confusion, we recommend that a sub-heading above the section of paragraphs 4 to 6 be created, entitled “Overall Objective of the Audit and the Independent Auditor.”

The overall heading for paragraphs 4 through 15 could then be changed to either “Objective” or “An Audit of Financial Statements.” If the latter option was chosen, the sub-heading for paragraphs 9 through 13 could be changed to “Concepts Related to an Audit of Financial Statements.”

- **Paragraph 25 – Second Sentence**

We believe the second sentence of paragraph 25, which states:

“In most cases, the failure to achieve an objective will prevent the achievement of the overall objective of the auditor,”

is in direct contradiction with the second sentence in paragraph 24, which states:

“The assessment of whether sufficient appropriate audit evidence has been obtained and the other audit procedures, if any, that may be necessary in the circumstances are matters of professional judgment.”

Paragraph 24 indicates the use of professional judgment when assessing the sufficiency and appropriateness of audit evidence, whereas paragraph 25 makes an inappropriate presumption that failing to achieve an objective in any given ISA *will* prevent achievement of the overall objective. We feel it is excessive to correlate so directly the failure to achieve the objective of an ISA with the non-achievement of the overall objective of the auditor. Accordingly, we recommend the following changes to the second sentence of paragraph 25 to be more consistent with the concept of professional judgment which is included in paragraph 24 (deletions are shown in double strikethrough and additions are shown in bold italics):

25... ~~In most cases,~~ ***The*** failure to achieve an objective ~~will~~ ***may*** prevent the achievement of the overall objective of the auditor,...

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,

