



**The Japanese Institute of
Certified Public Accountants**

4-4-1 Kudan-Minami, Chiyoda-ku, Tokyo 102-8264, Japan
Phone: 81-3-3515-1130 Fax: 81-3-5226-3356
Email: international@sec.jicpa.or.jp
Website: www.jicpa.or.jp

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Executive Director, Professional Standards
International Auditing and Assurance Standards Board
545 5th Avenue, 14th Floor
New York, New York 10017 USA

JICPA Comments on the Proposed International Standard on Auditing, ISA 250 (Redrafted), *The Auditor's Responsibilities Relating to Laws and Regulations in an Audit of Financial Statements*

The Japanese Institute of Certified Public Accountants (“we”, “our”, “us” and “JICPA”) is pleased to provide you with our comments on the Proposed International Standard on Auditing, ISA 250 (Redrafted), *The Auditor's Responsibilities Relating to Laws and Regulations in an Audit of Financial Statements*, (“Proposed ISA”). Based on our review, we have the following comments:

Specific Comments

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

Comment

Either Paragraph 8(b) of the Proposed ISA, which is based on the audit process, should be deleted or Paragraph 8(a) should be revised to include Paragraph 8(b) as follows:

“To obtain sufficient appropriate audit evidence that the financial statements are not materially misstated due to non-compliance with other laws and regulations that have a direct-material effect on ~~the determination of material amounts and disclosures in~~ the financial statements”

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?

Comment

Please see our “Other Comments” below.

Other Comments

Paragraph 10

To clarify the relationship with ISA 315 (Redrafted), *Identifying And Assessing The Risks Of Material Misstatement Through Understanding The Entity And Its Environment*, we propose the following revisions:

“As part of ~~When~~ obtaining an understanding of the entity and its environment,” the auditor shall obtain a general understanding of:”

Paragraphs 25 and 26

To be consistent with the description in ISA 705 which is under revision, we propose the following revisions:

Paragraph 25

“If the auditor is precluded by the management entity from obtaining sufficient appropriate audit evidence...the auditor shall express a qualified opinion or ~~disclaimer of~~ disclaim an opinion on the financial statements...”

Paragraph 26

“If the auditor is unable to determine whether non-compliance has occurred because of limitations imposed by the circumstances rather than by the management entity, in accordance with [proposed] ISA 705 (Revised and Redrafted) the auditor shall evaluate the effect on the audit opinion.”

In closing, we wish to express our appreciation for this opportunity to comment on this Proposed International Standard on Auditing and hope you will consider our comments.

Sincerely yours

Makoto Shinohara

Executive Board Member - Auditing Standards

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