



**The Japanese Institute of
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JICPA Comments on the Proposed International Standard on Auditing, ISA 230 (Redrafted),
Audit Documentation

The Japanese Institute of Certified Public Accountants (“we”, “our”, “us,” and “JICPA”) is pleased to provide you with its comments on the Proposed International Standard on Auditing, ISA 230 (Redrafted), *Audit Documentation* (“Proposed ISA”). Based on our review, we have the following comments:

Comments on:

- (a) Changes required to the extant ISA 230 as a result of amending the Preface; and
- (b) Changes resulting from applying the clarity drafting conventions to the amended extant ISA and their effect on the content of the ISA.

(Comment)

Please see our “Other Comments” below.

Requests for Specific Comments

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

(Comment)

Yes, the objective to be achieved by the auditor is appropriate.

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?

(Comments)

Please see the “Other Comments” below.

3. Do you agree with the changes described above as being helpful to the clarity of the redrafted ISA, including whether considerations in the audit of small entities have been dealt with appropriately?

(Comment)

Yes, we agree that the changes are helpful to the clarity of the redrafted ISA.

Other Comments

Paragraph 7(c)

The term “professional judgments” is not appropriate for the documentation, as it refers to an action by the auditor which involves the application of the auditor’s professional knowledge and experience. As an alternative, we propose the following revision:

“Significant matters arising during the audit, the conclusions reached thereon, and ~~significant professional judgments made in reaching the basis for~~ those conclusions.”

Paragraph 10

The objective of the auditor includes having evidence that the audit was performed in accordance with ISAs and applicable legal and regulatory requirements (Paragraph 4 of the Proposed ISA). Accordingly, the term “relevant requirement” in paragraph 10 of the Proposed ISA can be mistakenly interpreted as “including applicable legal and regulatory requirements.” We therefore propose that “relevant requirement” be clearly limited to the requirements in ISAs:

“If, in exceptional circumstances, the auditor judges it necessary to depart from a relevant requirement in ISAs, the auditor...”

Paragraphs 8, 9, 10 and 11

In text describing the preparation of audit documentation, two terms seem to be used

interchangeably: “prepare audit documentation” (Paragraphs 6 and 7) and “document” (Paragraphs 8, 9, 10, and 11). We propose, for consistency, that “prepare audit documentation” be used, unless there is any distinction between these two phrases.

Paragraph A15

The second sentence should be changed to be consistent with ISA 315 (Redrafted):

“Examples of matters that may be documented together in a small audit include the understanding of the entity and its environment, including the entity’s internal control....”

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

Atsushi KATO

Executive Board Member - Auditing Standards

The Japanese Institute of Certified Public Accountants