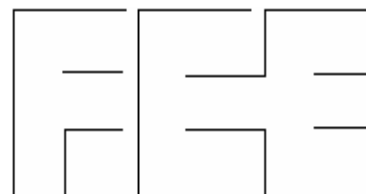


Date
30 July 2007

Le Président

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Mr. J. Sylph
Executive Director Professional Standards
International Auditing and Assurance Standards Board (IAASB)
545 Fifth Avenue, 14th Floor
New York, New York 10017
USA

Edcomments@ifac.org

Dear Mr. Sylph,

**Re: Exposure Draft – Proposed (Redrafted) International Standard on Auditing (ISA) 500
“Considering the Relevance and Reliability of Audit Evidence”**

As the representative organisation of the European accountancy profession, FEE is pleased to comment on the Exposure Draft Proposed (Redrafted) International Standard on Auditing (ISA) 500 on Considering the Relevance and Reliability of Audit Evidence (Proposed ISA 500).

We have serious concerns related to the adequacy of Proposed ISA 500 as it lacks coherence as a result of the removal of the concept of sufficiency from the standard. Please refer to our main comments for further details on our comments.

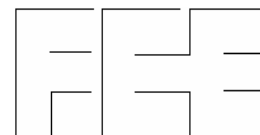
1. Main Comments

FEE strongly believes that the concepts of relevance, reliability and sufficiency are all fundamental to audit evidence and are strongly interrelated, as clearly acknowledged in both Proposed ISA 200 and Proposed ISA 500. The link between the sufficiency (or quantity) of audit evidence and its relevance and reliability (or quality) is long-standing and effective. These concepts should not be separated.

The removal of sufficiency from Proposed ISA 500 weakens its coherence and there is no valid justification for the removal of only one of the three concepts from a standard on audit evidence. The removal also introduces the risk that sufficiency is no longer regarded as important in the conduct of audits.

We therefore recommend the restoration of sufficiency to the title, objective, requirements and application and other explanatory material in Proposed ISA 500. This may result in some overlap with Proposed ISA 200 but the benefits of coherence outweigh the disadvantages of repetition.

A far less preferable solution is to move the material on relevance and reliability to ISA 200 in order to keep sufficiency, relevance and reliability together. This would also require the high level requirements on sampling and inconsistent audit evidence to be moved to ISA 200. This would leave application material on sources of and procedures for obtaining audit evidence to be moved to ISA 530, and ISA 530 repositioned and/or renamed to deal with all of the mechanical aspects of audit evidence.



2. Comments on Introduction

Reference is made to our main comments.

3. Comments on Objective

Reference is also made to our main comments.

The extant overarching objective refers to the purpose of obtaining evidence which is to provide a basis for the audit opinion. The replacement of this with a procedural objective which refers to performing audit procedures in order to obtain evidence, which is an end in itself, is not in line with IAASB's clarification principles. The objective of obtaining or considering the relevance and reliability of audit evidence cannot be simply to perform procedures in order to gain that audit evidence. The extant objective is not adequately clarified by the proposed objective and the extant paragraph 2 objective should be restored.

4. Comments on Requirements

The introductory text deals with the various techniques for obtaining audit evidence supported by some application material, and the abstract and high level concept of sufficiency. Neither area is developed in the requirements. In the middle sits a highly procedural objective which seems neither principles-based nor outcome-oriented, which represents a significant change of substance from extant ISA 500. Therefore, the extant paragraph 2 objective should be restored as noted above.

Paragraph 13 (c)

In order to improve consistency in the wording, we suggest the replacement of 'audit sampling' with 'selecting samples' as this more accurately reflects the substance of this subparagraph.

5. Comments on Application and Other Explanatory Material

Reference is also made to our main comments.

Paragraph A23

The rewording of extant paragraph 9 in paragraph A23 has resulted in longer and more passive sentences which are undesirable.

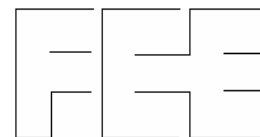
6 Response to IAASB's Request for Responses to Questions

6.1 Are the objectives to be achieved by the auditor, stated in the proposed redrafted ISA, appropriate?

No. Reference is made to our main comments.

6.2 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?

No. Reference is made to our main comments.



If you have any further questions about our views on these matters, please do not hesitate to contact us.

Yours sincerely,

Jacques Potdevin
President