

## Agenda Item 2-D

### Analysis of Comments Received on the Exposure Draft of the Proposed Revised ISA 230, “Audit Documentation”

#### *Responses to Exposure Draft Questions*

This agenda paper is provided for the IAASB’s reference and to support the task force’s presentation of the proposed revised ISA at the June 2005 IAASB meeting.

[Note: For disposition of the comments, please refer to the discussion of Issue 3 in the cover sheet.]

#### **No.    Respondent    Respondent Comment**

##### **Question 1**

**What are respondents’ views on the appropriateness of specifying a time period in the ISA for the auditor to complete the assembling of the final audit file?**

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| 1 | ACAG  | We believe it is appropriate to specify a time period in the Standard for the auditor to complete the assembling of the final audit file.  |
| 2 | ACCA  | We would not support the introduction of a rule but the inclusion of an indication is appropriate as a supplement to the words ‘without undue delay’.  |
| 3 | AICPA | We consider it appropriate to specify a time period in the standard to complete the assembling of the final audit file.  |
| 4 | APB   | As explained in the other comments below, the APB believes that it is important that audit documentation is prepared on a timely basis, contemporaneous with obtaining the relevant information. Changes to audit documentation after the date of the auditor’s report should ordinarily only require to be of a “housekeeping” nature, with little, if any, additional documentation of audit evidence being required. On this basis the APB believes that auditors should be encouraged to complete files at the earliest possible opportunity and that any specified time period is likely to be seen as endorsing the deferral of the documentation of audit evidence.   |
| 5 | Basel | There are two possible alternatives. ISA 230 could specify a time period for the auditor to complete the assembling of the final audit file, the approach chosen in the Exposure Draft, or ISA 230 could introduce the principle of a time period and allow the exact duration of the time period to be defined by the appropriate body in each national jurisdiction. The second alternative may cause problems on international audits, though it would be in line with a principles based standard. On balance, as long as it is emphasized that the specification of the time period is guidance, rather than a rule, and the principle of completing the assembly of the file in a timely manner is also emphasized, the Committee prefers the approach taken by the IAASB. |

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| 6  | BDO   | We consider it appropriate to specify a time period in the standard to complete the assembling of the final audit file.   |
| 7  | CEBS  | <p>There are two issues to address here, the appropriateness of specifying a time period in the ED and the approach to completing the assembling of the final audit file.</p> <p>In most of our member state jurisdictions, no time period is specified for assembling the final audit file. In a principles based standard, we would expect to see the principle included that the auditors should assemble the final audit file as quickly and efficiently as possible, rather than a specific rule. This is particularly important to enable public oversight bodies to conduct the inspection of audit files in an expeditious manner.</p> <p>However, some of our members believe it may be helpful to add to this principle a statement that ‘we would not expect the time period for assembling the final audit file ordinarily to be more than XX days.’ We are unsure of what the ‘XX’ should be — please refer to our response to Q2.</p> <p>We are also concerned about the precise wording in the exposure draft concerning the assembling of the final audit file and the lack of emphasis on timely documentation. We comment on these aspects below.</p> |
| 8  | CIPFA | We agree that a maximum time period needs to be specified. However we believe that the wording should be tightened to reduce the risk that the period specified comes to be regarded as the norm rather than the maximum: we would suggest substituting ‘as soon as possible’ for ‘without undue delay’ and ‘in any event’ for ‘ordinarily’ , to make it clear that 60 days is to be regarded as a maximum not a target.  |
| 9  | CPAA  | <p>CPA Australia agrees that a time period should be specified for the auditor to complete the assembly of the audit file.</p> <p>We believe that specifying a time period is important. It sets good practice, so that the audit can be completed in a timely manner so that more efficient and timely reviews can be performed under ISQC 1 and by regulators (eg ASIC in Australia).</p> <p>The obligation is also reasonable given that the audit opinion has been released and no further audit evidence should be collected in relation to that opinion. Therefore, it is only a matter of compiling the appropriate documentation.</p>   |
| 10 | DNR   | DnR agrees with the proposed requirement.   |
| 11 | DTT   | We believe it is appropriate to specify a time period in the ISA for the auditor to complete the assembling of the final audit file, as we believe completing the assembly of the audit file in a <b><u>timely manner</u></b> is critical in assuring that procedures performed and evidence obtained are accurately and thoroughly documented, contributing to higher audit quality. This guidance is also consistent with the requirements set forth in ISA 220, Quality Control for Audits of Historical Financial Information, which states the engagement team should implement quality control  |

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procedures that are applicable to the individual audit engagement.

Additionally, as both the PCAOB's Auditing Standard No. 3 on audit documentation and the U.S. Auditing Standards Board's (ASB's) exposure draft of a proposed Statement on Auditing Standards (SAS) entitled "Audit Documentation" contain requirements regarding a file-assembly period, we believe inclusion of a file-assembly period in the ISA will be another step towards global convergence.

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| 12 | FSR     | In our opinion we do not need the rules; on the other hand we do not want to oppose the rules.   |
| 13 | GT      | Specifying a time period for assembling a final audit file is a suitable requirement for an audit documentation standard. We believe that such a specific audit requirement will improve auditor performance in completing the audit file on a timely basis with sufficient and appropriate audit evidence; thereby enhancing the quality of audit documentation.  |
| 14 | ICAEW   | Specifying a time period for file assembly should result in an improvement to audit quality.   |
| 15 | ICA.IRE | We agree that it is appropriate to specify such a time limit.  |
| 16 | ICAP    | <p>The idea of specifying a time period to complete the assembling of the final audit file appears to be appropriate as this would ensure that the audit files are timely completed and closed and that the amendments/alterations in audit files are not a never ending process.</p> <p>In our opinion while it is essential that audit files should be closed within a reasonable timeframe we believe that this should be governed by local accounting and auditing rules and regulations in place in the country to which the adoption is intended. Putting timeframes in Standards is generally not advisable and we advise against the same practice in this case as well. We reiterate that by commenting against the timeframe we are not, in any way, belittling the fact that audit documents should be closed.</p>  |
| 17 | ICANZ   | We agree with the specification of a time period for the auditor to complete the assembling of the final audit file.   |
| 18 | ICMAP   | <p>It has been stated that assembly of the audit file is completed within 60 days from the date of the auditor's report. In this connection, it is submitted that the junior audit staff starts filing the relevant papers during the process of audit. Simultaneously, staff also generates their queries and discussion with the client's staff at lower level. Papers for which the queries are settled at lower level is placed in a separate file. Remaining queries are discussed at senior level and some of the same are settled and unsettled queries are included in the management letter. Completion of audit file is a continuous process during the course of audit. By the time the auditors report is issued, the audit file becomes complete whether physically or electronically. This must be kept in mind that auditors report is based on the file which has finally been discussed with the senior management. Therefore the completion of audit file should be a simultaneous process to coincide with the auditors report and period of 60 days appears to be much more than required.</p> |

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|    |         | The queries which are developed by the audit firm staff are also discussed among themselves and subsequently with their seniors and finally with their senior partners. Therefore period of 30 days would be sufficient for auditor to complete the file after the submission of the auditors report.   |
| 19 | ICPAK   | This is appropriate since it will give auditors a time limit within which they should have completed assembling the final audit file. This will be a good standard to be followed by all auditors.  |
| 20 | ICPAS   | We are of the view that a specified time period helps ensure consistent application of this standard. It also provides a definite cut-off point after which changes to the audit file is strictly documented.   |
| 21 | IDW     | In general, we do not support detailed requirements in standards, but rather prefer a principles-based approach. Paragraph 16 of the Exposure Draft speaks of the auditor assembling a complete and final audit file “without undue delay after the date of the auditor’s report”, which is a principles-based requirement. However, we recognize that there may be a need to accept an effective limitation on that time period by reference to a particular date after the date of the report. Given the applicability of the ISAs to unlisted as well as listed entities, we also support that the time period commence with the date of the auditor’s report, rather than the “report release date”, which may mean different dates in different jurisdictions. |
| 22 | JICPA   | We have no objection to specifying a time period in the ISA for the auditor to assemble a complete and final set of audit documentation.  |
| 23 | MICPA   | We agree it is appropriate to specify a time period for completing the audit file.  |
| 24 | NIVRA   | We agree on your view on the appropriateness of specifying time period for the auditor to complete the assembling of the final audit file.  |
| 25 | NYSSCPA | We support the use of a time period in which to complete the assembling of the final audit file. It is practical to have a “bright-line” requirement to complete the audit file, and useful to create a deadline that will eliminate procrastination.   |
| 26 | RM      | It is essential in standard.  |
| 27 | ZICA    | We feel that it is appropriate to specify a time period in the ISA for the auditor to complete the assembling of the final audit file.  |

**Question 2**

**Do respondents agree that 60 days from the date of the auditor’s report represents a reasonable time limit for such a period? If not, please indicate what time period would be considered more appropriate and why.**

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- 28    ACAG        We believe that 60 (calendar) days from the date of the auditor’s report represents a reasonable time limit for the completion of the final audit file. The wording used in the Standard, namely “The date on which the assembling of the audit is finally completed is ordinarily not more than 60 days after the date of the auditor’s report”, does however allow for the finalising of the audit file outside the 60 days in extenuating circumstances. We also recommend that the auditor should document in the working papers the reason for the delay in finalising the audit file outside the 60 days.

One ACAG Member is of the view that the assembling of the final audit file should be completed prior to the date of the auditor's report to facilitate the timely review of the audit file prior to the issuing of the report.

- 29    ACCA        This period is reasonable.

- 30    AICPA        We agree that 60 days is a reasonable time period, however for the reasons noted below we believe that the date of delivery of the auditor’s report is a more appropriate date to begin the time limit than the date of the auditor’s report.

We support the requirement that the auditor complete assembling the final set of audit documentation within a specified period of time. We suggest that the auditor be required to assemble a complete and final set of audit documentation within 60 days following the delivery of the auditor’s report, and not from the date of the auditor’s report. It has been our experience that the date of delivery of the auditor’s report (report release date) may be later than the date of the auditor’s report, especially in a small-firm environment. For example, there often are governance communication responsibilities that may take place after the date of the auditor’s report, but before the report release date. While the difference between these two dates may be negligible, we believe the report release date provides a better marker from which to require assembly of a final audit file.

We further suggest that the standard provide guidance on the appropriate length of the “wrapping up” period for engagements where the auditor does not issue a report, for example, when the auditor is not able to complete the audit. In these circumstances, the audit documentation should be assembled for retention as of a date not more than 60 days after the date that the fieldwork was substantially completed, or 60 days from the date the engagement ceased. This guidance could be added to the end of paragraph 19.

- 31    APB        The APB does not believe that a time period should be specified. However, if a time period were to be specified within the ISA, the APB believes that a much shorter period than 60 days would encourage better discipline in the compilation of audit files “without undue delay” and should not be onerous if matters dealt with after the date of the audit report are primarily of a housekeeping nature (see the answer to question 1).

Auditors often prepare more than one report for a particular entity and the IAASB needs to explore the consequences of that in relation to the assembly of the relevant documentation supporting each report. For example, the auditor of a subsidiary company may prepare a report for the

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purpose of the audit of the group and, at a later date, a statutory report on the financial statements of the subsidiary; similarly an auditor may prepare different reports, separated by a time gap, for listed entities filing documents in different jurisdictions. If a time period is specified it should be made clear that the assembly of the relevant documentation should be completed within the specified number of days of the date of each report, not necessarily within that number of days of the first or last report.

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| 32 | Basel | In the Committee's opinion a period shorter than 60 days (e.g. between 30 and 45 days) from the date of the auditor's report seems appropriate as it should be used primarily for "assembling and completing" the audit files and for organising these files in a manner that facilitates understanding of the audit opinion. Neither the exposure draft nor the Explanatory Memorandum clearly explains why 60 days is the necessary period. The proposed wording of the Exposure Draft would be clearer if the process of "assembling and completing" could be emphasized in the Standard as suggested under Section 4 of this note.   |
| 33 | BDO   | We agree that 60 days from the date of the auditor's report is a reasonable time limit for such a period.  |
| 34 | CEBS  | 60 days from the date of the audit report seems to be a very long time to complete the assembling of the final audit file. The assembling of the final audit file, as laid out in the ED, is an administrative process such as 'sorting, collating and cross-referencing final working papers' (para 18). 60 days seems to be a very long time for such processes. We understand that there may be practical reasons why such administrative processes may take longer than a few days (e.g. assembling all the papers on international audits, obtaining outstanding documents which are not critical to the audit opinion), but the evidence is not provided to us. A more detailed 'explanatory memorandum', accompanying the ED, which provided the evidence and reasons for setting a 60 day time limit, would have been helpful so that we could provide a fuller response. In the absence of such evidence and reasons, we do not believe that 60 days is a reasonable time limit and, as noted above, would prefer a principle is included in the ED i.e. that auditors should assemble the audit file in a short period of time appropriate to the tasks. |
| 35 | CIPFA | We consider that 60 days is a reasonable time limit if only one limit is to be prescribed for all circumstances. However, we consider there is a case for requiring a shorter period for public interest audits. We note that 45 days (from a potentially later starting point) is now required by the PCAOB Standard for the audits of SEC registered companies in the United States.   |
| 36 | CPAA  | <p>The IAASB should change the standard to 45 days from the report release date.</p> <p>In the interests of international harmonisation, CPA Australia believes that the IAASB should align to the PCAOB's requirements. CPA Australia have made this decision notwithstanding that we believe that the IAASB's standard is conceptually better in terms of reference to the date of the auditor's report versus 'report release date' (per the PCAOB).</p> <p>CPA Australia believes that this emphasises the need to co ordinate a work program together with the PCAOB for the development of future standards.</p>   |

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| 37 | DNR | DnR agrees with the proposed requirement.  |
| 38 | DTT | <p>We agree that a period of 60 days from the date of the auditor's report is a reasonable period of time for the auditor to assemble the complete and final audit file.</p> <p>Although the PCAOB has established a shorter period of time (45 days) to assemble the complete and final audit file, we believe 60 days is a more appropriate length of time for the ISA, as it is consistent with the U.S. ASB's proposed time period, and because the ISAs are applicable to audits of both public and private entities.</p>   |
| 39 | EC  | <p>The file assembling period of ordinarily not more than 60 days set under § 19 of proposed ISA 230 (Revised) has been the subject for specific comment request.</p> <p>Therefore responding to the above we express favourable attitude towards the idea of imposing a specific timing on file assembling process in the proposed revised ISA 230. Our conviction in this respect results from the reasoning that the working papers assembled in the period directly preceding or following the issue of audit opinion should give the basis for this opinion in the most accurate and precise way. Furthermore, collection of audit documentation distant in time in relation to the date of auditor's report implies greater risk of incompleteness.</p> <p>According to the forthcoming EU Directive on statutory audits, the group auditor maintains documentation of his or her review of the audit work performed by third country auditor(s), statutory auditor(s), third country audit entity(ies) or audit firms for the purpose of the group audit. The documentation retained by the group auditor shall be adequate for the relevant competent authority to properly review the work of the group auditor. In the case of public investigations, the group auditor shall retain a copy of the documentation of the audit work performed by the third country auditor(s) or audit entity(s) when a component of a group of undertakings is audited by an auditor(s) or audit entity(s) from a third country that has no co-operation agreement with Member States, or the group auditor shall agree with the third country auditor(s) or audit entity(s) his proper and unrestricted access upon request to the documentation of the audit work performed by this third country auditor(s) or audit entity(s).</p> <p>In this context, we would like to see more clearly the applicability of this requirement being assured not only as regards the documentation related to the audit of historical financial information, but also to the documentation related to the group audit as well as to the documentation from the review performed by the group auditor of another auditor's or audit firm's work and audit documentation at component or subsidiary level. We believe that the provision on minimum retention period should also apply in respect to the component documentation in order to enable sound inspections or investigations by the relevant authorities.</p> <p>Considering these issues we very much welcome the introduction of a minimum retention period imposed under § 29 of proposed revised ISA 230. We believe such provision to be of significant importance for the functioning of quality assurance system provides minimum conditions for a level playing field at international level. Regarding the timing for retention we consider 5 – year period as acceptable especially that it</p> |

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finds its justification, as stated in Exposure Draft, in practice and relevant legal or regulatory requirements on retention existing in a number of major jurisdictions. Notwithstanding this provision, any further increase of minimum retention period even up to 7 years would respectively receive our favourable opinion.

- 40 FACPCE IAS 230 determines a file assembling period, that is, a 60 day time for revising and completing the final file for the audit papers as from the date of the auditor's report.

When seeking an explanation for the discrepancy between said period and the one fixed in the US audit standard N°3 (issued by PCAOB) that specifies a 45 period of time, it arises that the issuance date differs from the auditor's report, the circumstance of which we believe has not been contemplated by the IAASB.

In sum, we agree in general with the IAASB's position regarding the two subjects under especial consultation and with the remaining draft.

- 41 FSR If there has to be a time limit, we can agree to 60 days.

- 42 GT We believe that a period of 60 days from the date of the auditor's report (or even 45 days from the report release date) is a realistic target for assembling a final audit file. An auditor's report cannot be dated (or released) prior to the date on which the auditor has obtained sufficient appropriate audit evidence to support the opinion. Accordingly, 60 days from the date of the auditor's report (or even 45 days from the report release date) should be sufficient for the auditor to document audit evidence that has already been obtained, obtain original documents (e.g., original confirmations received by fax), perform routine file assembling procedures, sign off on file completion checklists, and archive the audit file.

We suggest that the IAASB conform the file assembly period with that required under standards established by the United States Public Company Accounting Oversight Board (PCAOB). The PCAOB requirement to assemble a complete and final set of documentation not more than 45 days after the report release date is not an unreasonable timeframe for either listed or unlisted entities. In addition, the 45-day requirement could result in more time to assemble the final file than the 60-day rule, which would benefit smaller audit engagements. Although more time may be provided, the PCAOB requirement will not result in a large number of instances where the audit files are left open for extended periods of time and therefore, it provides rigor in file assembly but also more time for unlisted entities. Further, the variance from the PCAOB on this issue will only cause confusion and difficulty for practitioners that need to comply with the PCAOB's standards.

Regardless of the period adopted by the IAASB, the assembly period (currently in paragraph 19 of the proposal) should be established as a presumptive requirement.

- 43 ICAEW Yes. We do not consider that the time period should be any shorter than 60 days. Consideration might be given to applying this requirement to the audit of public-interest entities only. We do not consider that this requirement should become a presumptive requirement under any



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restructuring.

- 44 ICA.IRE We believe that consideration should be given to adopting the same definition of the time period as PCAOB to avoid possible confusion in cases where both frameworks apply.
- 45 ICANZ We agree that 60 days from the date of the auditor's report represents a reasonable time limit for the auditor to complete the assembling of the final audit file.
- 46 ICAP In respect of the time frame involved of 60 days, we expect that it represents a reasonable time for auditors to complete the documentation and archive the files for future references and quality assurance reviews by oversight bodies. But our previous comments should be kept in mind that putting timeframes should not be taken as a norm in international standards and onus should be delegated to local corporate governance laws and regulations to put time limits for such purposes. We understand that this particular task is not currently specified in the local laws, but efforts should be undertaken to obtain a broad consensus on the topic and made a permanent law.
- 47 ICAS The proposed standard requires that audit documentation is assembled for retention within a period of time, ordinarily not more than 60 days, after the auditor's report. We agree that it is in the public interest that audit documentation should be assembled within a reasonable period of time and that ordinarily 60 days would be reasonable. In addition, we recommend that the auditor is required to document on file any reasons why audit working papers have not been assembled within 60 days. This makes it clear that a departure from the 60 days time scale, whilst not unacceptable must be justifiable.
- 48 ICPAK Yes. 60 days is long enough for the auditors to complete the assembling of the final audit file.
- 49 ICPAS We are of the view that 60 days from the date of the auditor's report may not be a practicable or achievable target for every engagement. There may be circumstances outside the auditor's control, such as delays in matters outstanding from client, which could prevent the auditor from closing the audit file within this time frame. A more reasonable time period might be 60 days after the auditor's report is physically released to the client.
- 50 IDW In our view, "without delay after the date of the auditor's report" may often mean significantly less than 60 days. However, we are prepared to accept that there may be circumstances where a greater time period is necessary. On the other hand, as we noted above, an effective limitation of that time period is also necessary. Consequently, we agree that 60 days from the date of the auditor's report represents a reasonable time limit for such a period.
- 51 IRE The proposed standard requires that the final audit file is assembled for retention within a period of time, ordinarily not more than 60 days,

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after the auditor's report. The IRE considers this period reasonable.

52 JICPA The JICPA agrees that 60 days after the date of the auditor's report represents a reasonable amount of time to assemble a complete and final set of audit documentation. We propose referring to ISA 700, The Auditor's Report on Financial Statements, or ISA 560, Subsequent Events, to clarify the date of the auditor's report.

53 KPMG We support specifying a time period of 60 days from the date of the auditor's report in the ISA for the auditor to complete the assembling of the final file. We also agree with selection of a time period that is linked to the date of the auditor's report.

54 MICPA We suggest that the duration be measured from the date of release of the auditor's report rather than the date of the report, which may be an earlier date.

Additionally, recognizing time pressures that practitioners may face, particularly during cyclical busy periods, we suggest that the duration be 90 days from the date of release of the report.

55 NASBA Our Professional & Regulatory Response Committee offers the following comments on the proposed time period for file-assembling as defined in the September 2004 revision to International Standard on Auditing (ISA) 230.

The proposal provides for a 60-day period, the "file assembly period," following the date of the auditor's report for the completion of audit file assembling. The exposure draft notes that the proposal is not in harmony with the period specified by the Public Company Accounting Oversight Board (PCAOB).

The PCAOB specifies that, "a complete and final set of audit documentation should be assembled for retention as of a date not more than forty-five days after the report release date (documentation completion date)."<sup>1</sup> The PCAOB also specifies a 45-day period from (a) the date of completion of field work, if a report is not issued, and (b) the date that the engagement ceased if the auditor was unable to complete the engagement. The release date is defined as "the date that the auditor grants permission to the client to use the report in connection with the issuance of financial statements."<sup>2</sup>

The Committee believes that the period used by the PCAOB is preferable to the period specified in the draft proposal to amend ISA 230 for two reasons: the definition of the period and its length.

The date of the accountant's report is generally the date of completion of fieldwork. This date may or may not be close to the date when the

<sup>1</sup> Auditing Standard No 3- Audit Documentation, Public Company Accounting Oversight Board, June 9, Bylaws and Rules-Standards-AS3, June 2004, Paragraph 15, page 303.

<sup>2</sup> Ibid., paragraph 14, page 302.

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report is issued. Delays in the issuance of a report may be encountered for many reasons. For example, responses to significant confirmations may be outstanding; the financial statements may not have been drafted; meeting with parties, in person or otherwise, prior to the issuance of the financial statements may have to be arranged.

During the period between the date of completion of fieldwork, the clock for assembly is ticking. Conceivably, the date could expire before the audit report is issued. Of course, the auditor could update the report to a more current date, but additional audit procedures would generally have to be applied to the period from the initial (tentative) date of the report to the date of the final report.

The period used by the PCAOB is preferable because the clock starts to tick from the date when permission is given to the client to use the report. This date is after the completion of both the fieldwork and of all necessary audit procedures (or when the procedures should have been completed).

Another advantage of the PCAOB's period is it covers the issuance of a dual-dated report. The dates of the report are not relevant; only the date of permission is relevant. Under the provisions of the ISA draft, it is not clear as to when the 60-day period would commence. Would the clock start from the initial date? From the second date? From the second date for only the work done with respect to the matter covered by the second date and from the first date for all other work?

In addition, it is not clear as to when the period would begin if a report was considered reissued, and the date of the auditor's report was not changed. This situation is not uncommon in public filings.

The PCAOB's procedures can be readily applied to initial issuance of reports (initial permission), dual dates (initial permission) and reissuances (subsequent permission).

Second, the Committee believes that 45 days is sufficient time to assemble files when the assembly period starts with the date that permission is granted to issue the report. A 60-day period from the date of issuance of a report would be generous, and a 60-day period from the date of the auditor's report may significantly foreshorten the file assembly period from the time when the final file assembling would usually be performed.

The Committee recommends that the proposal be altered to adopt the PCAOB's standards for file assembling. Not only would this change result in more precise guidance, but it would also bring international standards and PCAOB standards into harmony.

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| 56 | NIVRA   | With respect to the second question we insist on complete convergence with Auditing Standard No. 3 Audit Documentation issued by the US Public Company Accounting Oversight Board in all material aspects such as terms and starting point.   |
| 57 | NYSSCPA | <p>We agree that 60 calendar days sets a "bright-line" definition and is a reasonable period in which to assemble and archive the audit file.</p> <p>We are concerned that using the date of the audit report as the beginning of the 60 day period will differ from the U.S. GAAS requirement. The</p> |

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AICPA's January 12, 2005 exposure draft on audit documentation calls for work papers in final form 60 days following the delivery of the auditor's report. We support using the delivery date because it is a more practical standard.

If the delivery date is used, we recommend adopting as the delivery date "the first time the auditor grants permission to use the auditor's report in connection with the issuance of the company's financial statements," which is the date specified in the PCAOB's proposal 2003-23:

Prior to granting permission to use the auditor's report in connection with the issuance of the company's financial statements, the auditor must have completed all necessary auditing procedures and obtained sufficient evidence to support the representations in the auditor's report. A complete and final set of audit documentation must be assembled for retention within a reasonable period of time following the first time the auditor grants permission to use the auditor's report in connection with the issuance of the company's financial statements. Such reasonable period of time ordinarily should not be more than 45 days.

While the AICPA's exposure draft does not define the report delivery date, the PCAOB removes any ambiguity by connecting it to the "first time the auditor grants permission to use the report."

In addition, we urge that the IAASB give additional consideration to the date of the auditor's report because U.S. GAAS states (AU 530.01, "Dating of the Independent Auditor's Report"):

"Generally, the date of completion of the field work should be used as the date of the independent auditor's report." This is expected to be amended by the AICPA's January 12, 2005 exposure draft to read "The auditor's report should not be dated earlier than the date on which the auditor has obtained sufficient competent audit evidence to support the opinion on the financial statements or other financial information being reported on."

On the other hand, ISA 700 requires:

"The auditor should date the report as of the completion date of the audit."

"Since the auditor's responsibility is to report on the financial statements as prepared and presented by management, the auditor should not date the report earlier than the date on which the financial statements are signed or approved by management."

Because U.S. GAAS and ISA 700 will likely result in different audit report dates, we recommend that IAASB consider the benefits of consistency in dating audit reports and whether it desires to resolve this disparity either in the revision to ISA 230 or in ISA 700.

58 PAAB

We recommend that a distinction is made between audits of Public Interest Entities and audits of other entities. We further recommend a 45 day period after the report release date (as defined) for the audits of Public Interest Entities and that audit firms determine the period for other entities, but with a maximum period of 180 days, thereby still applying the principle of a specified period.

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| 59 | RM   | PCAOB has mentioned 45 days against 90 days in ICAI exposure draft and IFAC 60 days. In my opinion appropriate time period is 45 days or shorter than 45 days.<br><br>Reasons: Normally file assembling should be done before signing audit report, as the persons engaged in the audit will move to other audits and may not find time for this as it is a least priority item after audit report is signed. Partners and staff of audit firm may leave the audit firm by giving normal notice period of 30 days to take up other employment after the audit is over. |
| 60 | ZICA | We also agree that 60 days from the date of the auditor's report represents a reasonable time limit for such a period.   |

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