

Firm: MAZARS  
Date: 17 May 2013

## PROPOSED SAAPS 6 EXTERNAL CONFIRMATIONS FROM FINANCIAL INSTITUTIONS

1. Respondents are requested to indicate whether they find illustrative, alternative audit procedures, in paragraphs 15 to 17, provide useful guidance when evaluating the completeness of accounts maintained by the entity and when obtaining sufficient appropriate audit evidence from various financial institutions?  
**YES; however there was some concern expressed that by giving audit procedures in the SAAPS that there may be an assumption that all these procedures are required. This will be dealt with at a firm level when we implement the SAAPS but emphasis that this is not required may be useful for clarity..**
2. Do respondents believe sufficient guidance had been provided regarding the electronic external confirmation process?  
**YES**
3. The illustrative external confirmation requests in **Appendix A** include the nine different categories of *Form Types* relating to a variety of account balances and financial instruments of an entity, that an auditor is most likely to encounter and wish to seek external confirmation about. Flexibility is introduced for an auditor to select only those form types relevant to the audit client's accounts and financial information, for which external confirmation is sought. Respondents are requested to indicate whether they find the format and coverage of the nine form types is sufficiently comprehensive and useful.  
**YES**
4. The external confirmation request forms accommodate both manual and electronic external confirmation requests. Will the standard achieve more effective and efficient manual and electronic confirmation?  
**YES for electronic.**  
**No for manual – if the document is made up of different forms the banks may send it to different departments at the same time and the confirmation may be returned as incomplete, which could result in delays when attempting to track the missing elements.**
5. The financial securities included in the “*Securities Form Type*” in the external forms in **Appendix A** are broadly categorised as follows:
  - *Debt securities* (debt securities may be called debentures, bonds, deposits, notes or commercial paper depending on their maturity and certain other characteristics);
  - *Equity securities*, e.g. common stocks (“safe custody assets”); and
  - *Hybrid securities* e.g. Preference shares (combination of the characteristics of both debt and equity securities)**YES**
6. *Derivatives Form Type* includes a Table for FEC information to be populated by the auditor requesting the external confirmation, but an option is provided for a financial institution to attach their systems generated portfolio of trade / open positions of the entity's FECs?  
Do respondents believe the Table for FEC information is clear and should be retained in the *Derivatives Form Type*?  
**NO, the question says that the table for FEC information is to be populated by the auditor requesting the external confirmation; however the example of the confirmation on page 32**

**suggests that the bank populates the information (if referring to the 5 column table that is not shaded on page 32). If the bank is to populate the information then we believe the Table for FEC information is clear. It may be useful to include on the form the mark to market rate used by the bank and the calculation, as this is often provided on the position summary provided by the bank.**

7. General comments:

- The templates do not include any place for the banks to sign and date, or any indication of the type of response (letterhead, covering letter, official to sign etc.) required from bank.
- On page 22 of 40 the last sentence does not make sense: “Attached is a table of parties involved in this audit external confirmation request process has been included for you review.”
- Page 28 of 40: In the case of the other forms, references are in the third person – i.e. “the client”, “the financial institution” whereas on the security form it refers to the first person i.e. “you”, “our” etc.
- Page 40/40: Point 9 – the words “the auditor” are missing from the sentence after the words “and/or Comments from ...”

Please indicate category of respondent with an “X” in the table below

<b>Audit firms:</b> <ul style="list-style-type: none"> <li>• Large firm;</li> <li>• Medium sized firm</li> <li>• Small firm</li> <li>• Academic</li> </ul> <b>Other (insert details below)</b>	
	X