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25 September 2009

Dear Hazel

**APB EXPOSURE DRAFT – PRACTICE NOTE 26 (REVISED): GUIDANCE ON SMALLER ENTITY  
AUDIT DOCUMENTATION**

The Institute of Chartered Accountants of Scotland's Audit and Assurance Committee welcomes the opportunity to comment on the above Exposure Draft.

The Institute is the first incorporated professional accountancy body in the world. The Institute's Charter requires the Audit and Assurance Committee to act primarily in the public interest, and our responses to consultations are therefore intended to place the general public interest first. Our Charter also requires us to represent our members' views and protect their interests, but in the rare cases where these are at odds with the public interest, it is the public interest which must be paramount.

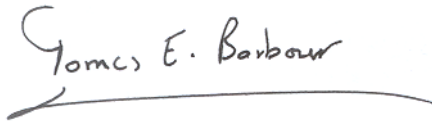
General comments

We support the APB's decision to revise this practice note in light of the changes introduced by the clarified ISAs, and believe that this document will provide useful guidance for auditors of smaller entities in implementing the clarified standards.

We believe that the new illustrative examples properly reflect the requirements of the proposed ISAs and are a realistic example of appropriate audit documentation. In our response to the APB's original consultation on the introduction of guidance on smaller entity audit documentation in 2007, we noted concerns that the inclusion of illustrative examples in the practice note may risk auditors viewing these as mandatory documents rather than as illustrative examples. However, this does not detract from our perception of the quality and usefulness of the examples provided in this exposure draft.

I hope our comments are useful to you. If you wish to discuss any of them, please do not hesitate to contact me.

Yours sincerely

A handwritten signature in black ink that reads "James E. Barbour". The signature is written in a cursive style and is underlined with a single horizontal stroke.

JAMES E BARBOUR  
Director, Technical Policy