AcknowlEdgment of referral instructions

***<Note to preparer: This communication is provided by each component auditor to the group engagement team to acknowledge their receipt and understanding of the referral instructions.>***

To: **[*Insert name of Group engagement partner and location of Group engagement team’s office*]**

This letter is provided in connection with your **{*integrated*}** audit of the Group financial statements of **[*insert name of Group*]** (the “Group”) as of **[*insert period-end date*]** and for the **[*period or year*]** then ended **{*and internal control over financial reporting as of* [*insert period-end date*]}*.*** We understand that your audit is being conducted for the purpose of expressing an opinion on whether the Group financial statements **[*give a true and fair view/present fairly, in all material respects*]**, the financial position of the Group as of **[*insert date*]**, and the results of its operations and cash flows for the ***[year/period]*** then ended, in accordance with **[*insert financial reporting framework (e.g., IFRS, US GAAP)*]**. **{*We also understand your audit will express an opinion on the effectiveness of the Company’s internal control over financial reporting.*}**

We acknowledge receipt of your instructions dated ***[insert date]*** requesting us to perform the specified work on the financial information of ***[component name]*** as of ***[insert period-end date]***, and for the **[*period or year*]** then ended **{*, as well as the operating effectiveness of internal controls as of the same period ended*}**.

We further **[*confirm/advise you*]** that:

1. **[*We will be able to comply with the instructions./We will not be able to comply with the following instructions for the reasons included below:*]**
   1. **[*Provide details of the instructions you expect to be unable to comply with and the reasons for the noncompliance.*]**
2. **[*The instructions are clear and we understand them./We request clarification of the following instructions:*]**
   1. **[*Provide details of any instructions on which you require clarification.*]**
3. We will cooperate with you and provide you with access to relevant audit information and/or documentation[[1]](#endnote-2).

***<Note to preparer: In the situation where the China Firm is the component auditor, please insert the below paragraph in item 3 above.***

***"Our policy is that audit working papers are not to be transferred outside the territories of the China Firm.  We are, however, able to provide access to our audit working papers physically in our office.">***

1. We will use the format of reporting that you have requested in your referral instructions when reporting to you.
2. We will use **[*insert component auditor’s audit platform (e.g., Omnia or EMS)*]** to perform the requested audit work.

***<Note to preparer: For component auditors considering using Levvia, it is important to note that DTTL AAM listed entity content is not available in Levvia; therefore, Levvia is not suitable for Tier 1-3 group audits. If the group engagement team is not using Levvia, the group engagement team is to discuss with component auditors the other available audit platforms in order to select the most appropriate option for the component auditor based on the audit engagement tier, the platform used by the group engagement team, and the nature of the procedures requested to be performed by the component auditor.>***

***<Note to preparer: If the group engagement team is performing an audit in accordance with the standards of the PCAOB, include item 6 for each component auditor expected to play a substantial role[[2]](#endnote-3) in the preparation or furnishing of an audit report with respect to any issuer, to confirm they are registered with the PCAOB as required by*** [***PCAOB Rule 2100***](https://pcaobus.org/Rules/Pages/Section_2.aspx#rule2100)***,* Registration Requirements for Public Accounting Firms*.>***

1. **[*We are registered with the PCAOB as a public accounting firm.*]**

We also acknowledge that:

1. The financial information of **[*component name*]** as of **[*insert period-end date*]**, and for the **[*period or year*]** then ended, will be included in the Group financial statements of **[*name of Group]*** as of **[*insert period-end date*]** and for the **[*period or year*]** then ended.
2. **{*The controls designed, implemented, and operating at* [*component name*] *as of* [*insert period-end date*] *are included within* [*name of Group*]*’s management’s assessment of internal control over financial reporting as of* [*insert period-end date*]*.*}**
3. You consider it necessary to be involved, to varying degrees, based on your professional judgment in the work you have requested us to perform on the financial information of ***[component name]*** as of ***[insert period-end date]***, and for the ***[period or year]*** then ended ***{and internal control over financial reporting}*** of ***[component name]*** as of ***[insert period-end date]}***.
4. You intend to review and, if considered appropriate, use our work performed on the financial information of **[*component name*]** as of **[*insert period-end date*]** and for the **[*period or year*]** then ended **{*and internal control over financial reporting as of* [*insert period-end date*]}*,*** for purposes of the **{*integrated*}** audit of the Group financial statements of **[*name of Group*]** as of **[*insert period-end date*]**, and for the **[ *period or year*]** then ended **{*and internal control over financial reporting as of* [*insert period-end date*]}**.

In connection with the work that we will perform per the referral instructions we also confirm the following:

1. Our quality control system complies with International Standard on Quality Control 1. Remedial action is taken promptly in relation to issues identified in the monitoring program, and there are no issues from recent monitoring reports that are likely to have a significant effect on the work that we will perform.
2. We have the appropriate professional qualifications and competence sufficient to fulfill our assigned responsibilities in the audit of the Group financial statements.
3. We possess the skills (e.g., industry-specific knowledge) necessary to perform the work on the financial information of the particular component.
4. [*For component auditors from DTTL Member Firms:*

We have an understanding of the requirements of the **[*DTTL PCAOB AAM/DTTL AAM*]** sufficient to fulfill our responsibilities in the audit of the Group financial statements and will conduct our work on the financial information of ***[component name*]** as of **[*insert period-end date*]**, and for the **[*period or year*]** then ended, **{[*and internal control over financial reporting as of* [*insert period-end date*]}**in accordance with such requirements.]

*[For component auditors that are not part of the Deloitte network:*

We have an understanding of the **[*Standards of the Public Company Accounting Oversight Board (PCAOB)/International Standards on Auditing/International Standard on Review Engagements/International Standard on Related Services/International Standard on Assurance Engagements/*[*insert the applicable assurance standards*]]** and the additional procedures outlined by you in your referral instructions that you have informed us will ensure compliance with the generally accepted auditing standards in**[*Hong Kong/the People's Republic of China*]**sufficient to fulfill our responsibilities in the audit of the Group financial statements and will conduct our work on the financial information of **[*component name*]** as of **[*insert period-end date*]**, and for the **[*period or year*]** then ended, **{[*and internal control over financial reporting as of [insert period-end date*]}**in accordance with such standards.]

1. We have an understanding of **[*insert financial reporting framework (e.g., IFRS, US GAAP)*]** and the additional requirements outlined by you in your referral instructions that you have informed us will ensure compliance with the applicable financial reporting framework in **[*Hong Kong/the People's Republic of China*]** sufficient to fulfill our responsibilities in the audit of the Group financial statements.
2. We have reviewed the Group’s policy on the provision of non-audit services, approved by the audit committee on ***[insert date]***, and confirm that we are in compliance with such policy.

***<Note to preparer: For component auditors from DTTL Member Firms, include Item 7.>***

1. For all proposed services beyond those authorized in the referral instructions, we will submit to you a Service Request. We will not begin providing such services until you notify us that the service is approved. We will also forward to you copies of all engagement letters (in English) for services we perform.

***<Note to preparer: If the group engagement team is performing an audit in accordance with the standards of the PCAOB, include item 8.>***

1. Upon your request, we will make our audit documentation supporting our work performed accessible to you in our office’s country, in accordance with the standards of the PCAOB, including PCAOB Auditing Standard No. [1215](https://techlib.deloitte.com/default.aspx?view=content&id=2_343097), *Audit Documentation*.
2. We will retain our working papers for the requested period of time noted in the referral instructions following the date of issuance of the Group financial statements and will archive our working papers in accordance with your directions specified in the referral instructions.

We will inform you of any changes in the above representations during the course of our work on the financial information of **[*component name*]** as of **[*insert period-end date*]**, and for the **[*period or year*]** then ended **{*and internal control over financial reporting as of* [*insert period-end date*]}**.

***\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_***

[***Date***]

***\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_***

**[*Insert Firm and office location*]**

***\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_***

**[*Insert Firm/partner signature*]**

***<Note: Sign using the partner name or the Firm name in accordance with your Firm’s local requirements.>***

**NOTES**

1. This may be subject to local data privacy laws. [↑](#endnote-ref-2)
2. As defined in PCAOB Rule 1001 (p)(ii), the phrase “play a substantial role in the preparation or furnishing of an audit report” means:

   (1) To perform material services that a public accounting firm uses or relies on in issuing all or part of its audit report, or

   (2) To perform the majority of the audit procedures with respect to a subsidiary or component of any issuer, broker, or dealer, the assets or revenues of which constitute 20 percent or more of the consolidated assets or revenues of such issuer, broker, or dealer necessary for the principal auditor to issue an audit report. [↑](#endnote-ref-3)