October, 1st, 2012

Mr. James Gunn
Technical Director,
International Auditing and Assurance Standards Board
International Federation of Accountants
545 Fifth Avenue, 14th Floor
New York, New York 10017 USA

Dear Sir,

IMPROVING THE AUDITOR’S REPORT
As you kindly requested, please find comments of the Instituto Mexicano de Contadores Públicos, A.C. -Mexican Institute of Public Accountants (IMCP) on the Consultation of the Improving the Auditor’s report.

Overall comments:
As is mentioned by Prof. Arnold Schilder, Chairman, “The auditor’s report is the auditor’s primary means of communication with an entity’s stakeholders, and more than ever before, users of audited financial statements are calling for more pertinent information for their decision-making in today’s global business environment with increasingly complex financial reporting requirements. The global financial crisis also has spurred users, in particular institutional investors and financial analysts, to want to know more about individual audits and to gain further insights into the audited entity and its financial statements. And while the auditor’s opinion is value, many perceive that the auditor’s report could be more informative. Change therefore, is essential”.

We believe that the change in the auditor’s report as is improved by the IAASB is adequate in this time, but only in the PIEs (public interest entities), where institutional investors and financial analysts want to have more information of the audited entities and their financial statements.
Chairman of the Instituto Mexicano de Contadores Públicos, A.C.

Mr. José Luis Díaz

Yours faithfully,

Please feel free to contact me if you have any question/answer to the auditor's report, but only for the purpose of the improvement of the firm.

Finally, the ICP strongly support the improvement of the financial statements.

To me consider these should be answer by the users of the audited entity experience on this matter, and some questions were not answer. As we have intended to provide some useful comments considering our knowledge and provide some useful comments considering our knowledge and questions and answers to your questions and answers.
help emphasize significant situations and lead the financial importance in the financial statements. This approach may help readers of the auditor’s report, in an example being those areas of most appropriate to provide more information to users of the financial statements.

We consider that the concept of Auditor Commentary is an appropriate one to provide more information to users of the financial statements.

3. Do you believe the concept of Auditor Commentary is an appropriate one to provide more information to users of the financial statements?

Investors:

a) Changes in this new model shall not create any doubt for shareholders in this new model.

b) Audit quality should not, in any form, be impaired due to financial statements and/or notes thereon.

c) Changes by management or by those charged with governance in their information about the company that has not been disclosed to the auditor shall not be limited to disclosure and responsibility for financial reporting and all disclosures, including those charged with governance.

d) If the report model should take into account the following: that we consider that changes made in this new auditor’s report enhance the auditor’s report and contribute to the investor’s focus of possible improvements and enhancements strengthens the relevance and informational value of the auditor’s report, in view of possible improvements and enhancements.

I, overall, do you believe the ISA’s suggested improvements?
also consider that such comments should apply only for this report. The auditor's report are not high while benefits are many. We consider that these comments include an auditor commentary in

6. What are the Implications for the Financial Reporting Process

We consider that these comments must be guidance about the elements to

4. Do you agree that the matters to be addressed in auditor

(see paragraphs 43-50).

Commentary (see paragraphs 38 and 62-64).

charged with governance (ICOM) for the roles of management and those

introducing implications for the roles of management and those

introducing auditor commentary in the auditor's report.

Criteria. Guidance should ensure that all auditors apply the same

Do you agree that the matters to be addressed in auditor

process for selecting the matters to include in auditor's decision-making? Why or why not? If not, what do you believe should

with guidance in the standards to inform the auditor's

Commentary should be related to the judgment of the auditor, and

statements, and costs. (see paragraphs 38 and 62-64).
paragraphs 24-34).

.utilized information and are appropriate? Why or why not? (See

providers believe these statements provide a concern assumption and whether material uncertainties have

address the appropriateness of management's use of the going

suggested auditor statements related to going concern, which

What are your views on the value and implementations of the

benefits.

based decision. In this sense, the cost would be higher with no

have any interest in it, nor would use it to make any report-

those who are not public interest ones, who would not read or

that including a lot of information would be of no use for

including paragraphs of the current ISA 700. The reason is

that the same former as the new proposed report, but only

which are not public interest ones, whose model should use

in the illustrative report, and (b) another one for entities, which must include what is set out in

public interest entities.

we consider there should be two report formats, a one for

6.

which auditor commentary should be provided? (See paragraphs

other criteria might be used for determining the subjects for

other auditors is appropriate? Why or why not? If not, what

leading to the inclusion of the auditor's report

public interest entities (PBEs), and

Do you agree that providing auditor commentary for certain

public interest ones, and not for those which are not
include the name of the engagement partner.

From any responsibility, in Mexico, it is customary to not express the term for whom the engagement partner works disclosed. This adds to transparency and we consider it does not agree that the name of the engagement partner be (see paragraphs 72-73).

What are your views on the value and impediments of (Chartered Accounts and Transparency)

believe that the type of statement adds any value. We do not part of a report required by regulations. Otherwise, we do not interest entities where financial statements are presented as other non-financial information in the case of public. We consider the auditor should only include a commentary on (see paragraphs 65-71).

Suggested auditor statement in relation to other information?

10. What are your views on the value and impediments of the

uncertainties were identified about going concern.

processes which led him to conclude that no material information about judgments used, much less about related uncertainties we believe the auditor should not include additional (see paragraphs 30-31).

statement that no material uncertainties have been auditors’ judgments and processes to support the auditor’s and additional information in the auditor’s report about the (see paragraphs 30-31).

9. What are your views on the value and impediments of including contraindications and the entity’s responsibility for this.

Conductores Públicos
Instituto Mexicano de

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13. What are your views on the value and impediments of the suggested disclosure regarding the involvement of other auditors? Do you believe that such a disclosure should be included in all relevant circumstances, or left to the auditor's judgment as part of Auditor Commentary? (See paragraphs 77-80.)

When applicable in Group audits, we agree that involvement of other auditors be disclosed in one or some of the components of consolidated financial statements. In addition, we consider this disclosure should be made in all cases since it would give more transparency to external auditors, reports, and it would mean no exemption from the Group auditor's responsibilities for such components.

Further, this disclosure would align the report with US-GAS and PCAOB standards. It would also add transparency to Group audits where more than one auditor is used.

14. What are your views on explicitly allowing the standardized material describing the auditor's responsibilities to be relocated to a website of the appropriate authority, or to an appendix to the auditor's report?

Relocating auditor's responsibilities paragraphs in an appendix or through a reference to a website may have a counter-effect for users, expectations and we consider their demand for more information regarding auditor's responsibilities and audit performance would be best served by including this information in the body of the report by making it more easily available and immediate for such users. We must say that disclosure of auditor's responsibilities should be of the most concise nature, in order not to make the report unnecessarily extensive with information of little value for the user.
between those discourses needed for public interest entities
including disclosure requirements, with destruction
standardizing the auditor's report would be useful and also
rigorous and shared. Information needs may be different, however,
identified.

Whatever exception to the standard model may be easily
identified, reports to the standard can be directly made and
standardized as such, and that they include minimum
various entities, for which reasons we support the fact that
It is rather common that users compare audit reports from
that incorporate or are otherwise based on IASB, are used?
In auditors', reports when IASB or national auditing standards
16. What are your views regarding the need for global consistency
the beginning.
be appropriate that the auditor's opinion be placed right at
that users focus thereon the conclusion, it could
adequate to us. Notwithstanding this, and with the purpose
clarify, the conclusion, which makes this presentation seem
 respond to the variety of those involved, (entity and auditors)
beginning the kind of work performed and bases used,
structure presents it in an orderly manner by starting at the
emphasis to current audit report. The report's current
information would not add any value or give more
provided and how explicit it is, and that placement of said
report are more concerned about the amount of information
we consider users' expectations regarding the auditor's
emphasized to matters of most importance to users?

15. What are your views on whether the IASB's suggested
form and structure
...reports are those who demand the most information. We consider that consistency about important issues for the financial statements.

Auditors' responsibilities for information within the entity's reporting framework and description of those relative to ordering or summarization, and description of those relative to ordering or summarization are not considered that changes that would apply to all entities are appropriate for entities of all sizes and in both the public and private sectors.

17. What else do you think of such information?

Assuming the ordering of such information, the ordering of information, therefore, we support a mandatory feature that would include in the mandate of the standardization project which should include the discussion of the IASB's suggested improvements.

18. In your view, are the IASB's suggestions appropriate for small and medium-sized entities?