

Overall Considerations

1. *Overall, do you believe the IAASB's suggested improvements sufficiently enhance the relevance and informational value of the auditor's report, in view of possible impediments (including costs)? Why or why not?*

We believe that overall the project implies a significant improvement in the auditor's report, adding more valuable content for the stakeholders information needs and in the redesign of the format as well, giving priority to the most useful information.

2. *Are there other alternatives to improve the auditor's report, or auditor reporting more broadly, that should be further considered by the IAASB, either alone or in coordination with others? Please explain your answer.*

No, we understand that this project responds to claims from the main stakeholders of the auditor's report to narrow the existing "information gap".

Auditor Commentary

3. *Do you believe the concept of Auditor Commentary is an appropriate response to the call for auditors to provide more information to users through the auditor's report? Why or why not? (See paragraphs 35–64.)*

Yes, we understand that gathering under one title the EOM and OM former paragraphs and expanding them to include more valuable information is a significant advance in the pursue of the goal. However, in certain less globalized markets, with stakeholders not so familiarized with the extant EOM/OM, the broader scope of the proposed AC may cause confusion, especially if some of the points are drafted in a way that may be able to be interpreted as affecting the main opinion. In addition, we remark the comment highlighted in point 7 of the ITC, which is especially important in markets where the corporate governance practices have not been fully developed, with the bulk of the companies, even the listed ones, in hands of one single owner (or a group of owners), with audit committees not being a common practice and with financial statements prepared by management, in many cases reluctant to provide information over sensitive issues. Not less important is the accounting framework in force in these markets that may require much less information to be revealed in the financial statements. Having said that, we support the project with the understanding that its implementation in certain markets needs to be done in different stages and after a process of careful divulgation and explanation of the new norm. We agree with the building block approach.

4. *Do you agree that the matters to be addressed in Auditor Commentary should be left to the judgment of the auditor, with guidance in the standards to inform the auditor's judgment? Why or why not? If not, what do you believe should be done to further facilitate the auditor's decision-making process in selecting the matters to include in Auditor Commentary?1 (See paragraphs 43–50.)*

Yes, we prefer auditor judgment plus guide, remarking that the latter should be carefully drafted, with many examples to cover not only complex issues (like derivatives or complex accounting treatments, more common in developed markets) but also simpler ones, prevailing in less sophisticated markets.

The guidance are necessary not only to illustrate and help the auditor to select the issues to include but also to make clear TCWG/management what other stakeholders are expecting from auditor's report. Also, it should be clear for both parties what issues cannot be omitted in this section.

Regarding the specific subjects proposed (point 45) we have some comments:

Areas of significant management judgment: in this point we consider that the guidance should be addressed to provide insight recommendations to the auditor to avoid boilerplate language or to repeat information already provided in the financial statements. In addition, we remark the comment made in point 50 of the ITC that in drafting this comment the auditor should avoid including any expression that may cause the impression to the readers that he is giving a partial opinion on the specific point treated.

Matters of audit significance, including areas of significant auditor judgment in conducting the audit:

- Difficult or contentious matters noted during the audit, or other audit matters that would typically be discussed with an engagement quality control reviewer or TCWG: for certain practices, and given the explanation made in 3), we deem this point could become very controversial depending on the information suggested to be provided, especially if includes the management's position. In giving guidance on potential issues to be informed under this concept it should be evaluated possible auditor comments that would help to the interpretation of the income statement of the entity, in particular when it is exposed to a high level of volatility, even though their correlated assets were marked to market.

- Other issues of significance related to the audit scope or strategy: we consider also applicable the comment of giving more guidance about the information that is expected to be provided in this point. If possible, parameterize them to avoid including items that do not add value to the audit report or that should be included more appropriately in the section "Auditor's Responsibility".

5. *Do the illustrative examples of Auditor Commentary2 have the informational or decision-making value users seek? Why or why not? If not, what aspects are not valuable, or what is missing? Specifically, what are your views about including a description of audit procedures and related results in Auditor Commentary? (See paragraphs 58–61.)*

The example related the valuation of financial instruments , gives, in our opinion , the impression for rendering a partial opinion over this area "Management's recorded amount fell within our range") and we repeat that this should be carefully avoided. If we remove this comment, the rest of the information provided does not seem to add value to the stakeholders

Regarding audit strategy, we are of the opinion that to include an auditor comment about its audit strategy could be problematic, subject to boilerplate and probably extended statements. In case of the final standard includes comments about it, further guidance should be necessary especially for repetitive situations where there are no changes to comment (like in the example with the implementation of the new software). We repeat the need to also include simpler examples.

For the reasons already mentioned we do not agree to include a description of audit procedures and related results in Auditor Commentary.

6. *What are the implications for the financial reporting process of including Auditor Commentary in the auditor's report, including implications for the roles of management and those charged with governance (TCWG), the timing of financial statements, and costs? (See paragraphs 38 and 62–64.)*

We already commented about the implications of including Auditor Commentary in the roles of TCWG and management. We add that it is important that pari passu with the development of this project, different other Organisms should push for strengthening the rules of Corporate Governance especially in listed companies in less developed countries. Regarding costs, we assume that some increase in the auditor's fees is unavoidable to cover the additional time to prepare and discuss all these comments. We do not believe that this project should affect the timing of the financial statements.

7.-*Do you agree that providing Auditor Commentary for certain audits (e.g., audits of public interest entities (PIEs)), and leaving its inclusion to the discretion of the auditor for other audits is appropriate? Why or why not? If not, what other criteria might be used for determining the audits for which Auditor Commentary should be provided? (See paragraphs 51–56.)*

In our practice we would prefer, at least in a first stage, to limit the application to listed companies. Postponing, for a second instance, its extension to PIE and afterwards to the rest of the companies, not allowing its optional application.

Going concern/Other information

8.-*What are your views on the value and impediments of the suggested auditor statements related to going concern, which address the appropriateness of management's use of the going concern assumption and whether material uncertainties have been identified? Do you believe these statements provide useful information and are appropriate? Why or why not? (See paragraphs 24–34.)*

We agree with the proposed approach on an issue we consider that current practice needs improvements to meet stakeholders expectations. We also highlight the issue that in certain markets there is not enough financial reporting's disclosures framework that requires companies to reveal even what is required now under IFRS rules. Accounting terminology translated to audit such as material uncertainties, significant doubts and other of the like requires time for auditors, management

and users to get familiarized with their real meaning. Thus, it will take time to all the parties to adjust to this new auditor's report requirement.

To go further on this topic we recommend giving concrete parameters to guide auditors and stakeholders on the specific meaning of using these terms.

9.- What are your views on the value and impediments of including additional information in the auditor's report about the auditor's judgments and processes to support the auditor's statement that no material uncertainties have been identified? (See paragraphs 30–31.)

Values: as we mentioned above we believe the auditor is adding value with this approach.

Impediments: in addition to the abovementioned comments, careful threshold should be defined to determine when a situation justifies the statement that not material uncertainties have been identify by the auditor.

10. What are your views on the value and impediments of the suggested auditor statement in relation to other information? (See paragraphs 65–71.)

We agree with including this other information on a specific section in the auditor's reports and in the place that is proposed.

Clarifications and Transparency

11. Do you believe the enhanced descriptions of the responsibilities of management, TCWG, and the auditor in the illustrative auditor's report are helpful to users' understanding of the nature and scope of an audit? Why or why not? Do you have suggestions for other improvements to the description of the auditor's responsibilities? (See paragraphs 81–86.)

We agree with the content of this part of the auditor's report.

12. What are your views on the value and impediments of disclosing the name of the engagement partner? (See paragraphs 72–73.)

In our profession the auditor's report must be signed by the acting accountant who assumes a personal responsibility for his/her audit work, so this proposed change will not innovate on our actual practice.

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.)

We consider that there is value in including a comment on the involvement of other auditors in all relevant circumstances, but in addition, that enough guidance should be given to the auditors to ensure that these comments were interpreted as a limitation of his/her scope and responsibilities for the entire work.

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? (See paragraphs 83–84.)

We prefer that the option of including this information in the auditor's report.

Form and structure

15. What are your views on whether the IAASB's suggested structure of the illustrative report, including placement of the auditor's opinion and the Auditor Commentary section towards the beginning of the report, gives appropriate emphasis to matters of most importance to users? (See paragraphs 17–20.)

Agree. We deem that giving priority to the main opinion add value to the report. However, more examples should be developed to show how the information is presented when the opinion is qualified.

16. What are your views regarding the need for global consistency in auditors' reports when ISAs, or national auditing standards that incorporate or are otherwise based on ISAs, are used? (See paragraphs 21–23 and 87–90.)

To obtain global consistency across markets and countries with different cultures and even inside them with different level of professional practices is a very ambitious goal. That's why we agree with the building block approach, recognizing that it will take time to reach an entire consistency.

17. What are your views as to whether the IAASB should mandate the ordering of items in a manner similar to that shown in the illustrative report, unless law or regulation require otherwise? Would this provide sufficient flexibility to accommodate national reporting requirements or practices? (See paragraph 17 and Appendix 4.)

To reach consistency is necessary that the order of the items is mandatory in a way shown in the illustrative report. We do not see problems of flexibility in our national practice.

18. In your view, are the IAASB's suggested improvements appropriate for entities of all sizes and in both the public and private sectors? What considerations specific to audits of small- and medium-sized entities (SMEs) and public sector entities should the IAASB further take into account in approaching its standard-setting proposals? (See paragraphs 91–95.)

We already comment the implications of this project on our national practice. On SME, we believe that companies and auditors (mostly SMP) are not still prepared to adopt these changes.