



09 October, 2012

Mr. James Gunn
IAASB Technical Director
Email: jamesgunn@iaasb.org

Re: Invitation to Comment- Improving the Auditor's Report

Dear Mr. Gunn,

Thank you for providing Hawkamah, the Institute for Corporate Governance the opportunity to comment on the suggestions put forth for improving the Auditor's Report.

As a regional institute for corporate governance, Hawkamah welcomes such initiatives which increase transparency and disclosure aimed towards providing the stakeholders with an opportunity to be able to make more informed decisions.

Recognising the idea behind adding an "Auditor Commentary" section to the Auditor's Report, Hawkamah is of the view that such additions may lead to the auditor charging more and hence, increasing the entity being audited costs.

Our answer, along with the reasoning and an alternate approach to one of the specific questions raised in the Invitation to Comment is as follows:

Q: 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?

A: No, because most of this information becomes available to the external auditor while conducting the external audit and if a separate audit commentary is requested, the external auditors would charge additional for this service adding costs to the company. This information can be easily made available in the 'Emphasis of Matter' paragraph as well as by expanding the auditor's responsibility and scope of work paragraph in the audit report.

I would like to emphasise that as a Corporate Governance Institute we welcome such initiatives and the stakeholder inclusive approach that the IAASB has adopted and would be pleased to consider providing any further assistance which your organisation may require.

Sincerely,

Nick Nadal
Head