

January 15, 2010

Greg Tanzer
Secretary General
IOSCO General Secretariat
Calle Oquendo 12
28006 Madrid
Spain

Electronically via AuditorCommunications@iosco.org

Dear Mr. Tanzer,

Public Comment on the Auditor Communications: Consultation Report

The International Auditing and Assurance Standards Board (IAASB) shares the view that financial statements are one of the most important sources of information that investors use in making investment decisions. It is therefore critical that the auditor's report – the primary means by which auditors communicate to users of financial statements regarding their audits – needs to communicate appropriate information to users and its form and content should facilitate audit quality. For these reasons, the IAASB has revised its International Standards on Auditing (ISAs) that address auditor reporting. These ISAs are now effective for audits of financial statements for periods beginning on or after December 15, 2009.

The IAASB also shares the view that users' understanding of the auditor's report, their perceptions thereon, and whether their needs are being met are extremely important topics in the discussion of the role of auditor communications. Accordingly, the IAASB has commenced discussion of key messages concerning user perceptions of the auditor's report identified from analysis of relevant information on that subject.¹ This information includes findings from four research studies² that examined the nature of user perceptions regarding the financial statement audit and the auditor's report among various classes of financial statement and audit report users in international settings. Related, the IAASB has also held initial discussions at its December 2009 meeting on the topic of audit quality more generally, recognizing that audit quality and auditor communications are closely linked.³

¹ IAASB Agenda Item 4, *Auditor Reporting Research*, December 2009, available at <http://www.ifac.org/IAASB/Meeting-BGPapers.php?MID=0169&ViewCat=1191>

² The four research studies were commissioned jointly by the IAASB and the Auditing Standards Board of the American Institute of Certified Professional Accountants.

³ IAASB Agenda Item 12, *Audit Quality*, December 2009, available at <http://www.ifac.org/IAASB/Meeting-BGPapers.php?MID=0169&ViewCat=1196>

Accordingly, while the IAASB appreciates the opportunity to comment on the IOSCO Technical Committee's Consultation Report on Auditor Communications, it is not in a position to do so at this early stage of its work to examine and deliberate the issues.

We believe the work of the IOSCO Technical Committee will provide a further important source of information. We would be pleased to discuss how best to incorporate the current efforts of the Technical Committee in the deliberations of the IAASB.

Please do not hesitate to contact me should you wish to discuss these topics further.

Yours sincerely,

A handwritten signature in blue ink, appearing to read "Arnold Schilder".

Prof. Arnold Schilder

Chair, IAASB

CC: Ian Ball, Chief Executive Officer, International Federation of Accountants (IFAC)

James Gunn, Technical Director, IAASB

Diana Hillier, Deputy Chair, IAASB

Jim Sylph, Executive Director, Professional Standards, IFAC