

Dear Kathy,

Thank you for your kind offer; I tried again through the portal but I ended in a dead-end.

Here is the OECD response to the ITC:

Question 1: Yes, the improvements suggested strike the right balance between the value of additional information provided by the auditor's report and the cost of provision of this information. Overall, confidence of stakeholders should be significantly increased by these improvements. Confidence is key for the economic recovery. It is a kind of 'public good' (because of externalities of 'confidence') and merits the marginal additional cost imposed on business (and auditors, if these are not in a position to pass on the cost to their customers).

Question 2: Not obvious ones.

Q 3: Yes, agreed. Because (i) the auditor is the best placed 'actor' to do it, acting in the public interest of transparency (ii) he should possess the updated and unbiased overview of Financial Statements .

Q 4: Yes, agreed, with appropriate guidance in the standards to ensure consistent approach across jurisdictions.

Q 5: Yes, the illustrative examples have the value users should seek. Description of audit procedures are secondary informational value, but their value is not nil.

Q 6: Yes, there are likely implications, (i) with management, increased requirement for a through dialogue on the content of the Commentary; by the same token there might be less time devoted to drafting and discussing the 'long form report'; (ii) the same consequence with TCWG, which is positive as it will focus on items which should in any cases be part of the (less formal) dialogue between auditors and TCWG/ audit committee; (iii) this process could be anticipated; if not, the benefit (see Question 1) of allowing a couple of more days to issuing the auditor's report is higher than the cost of such delay; (iv) yes, indeed, the additional cost of auditor's time should be acknowledged; it may be partly offset, as explained above in (i).

Q 7: Yes, it is agreed; it cannot be a general and universal requirement.

Q 8: Yes, it is of value, but less than the audit commentary, as it is more judgmental, more 'risky' as the statement belongs to management responsibility; it would be appropriate to draw lessons of further experience with this particular auditor's statement.

Q 9: This proposal has a limited value, since the impediment of disclosing information that management has not disclosed (and that has no impact on the Financial Statements -FS) is significant.

Q 10: Yes, it is valuable and the benefits outweigh the modest cost of drafting related statement.

Q 11: Yes, the main interest of it is to describe the auditor's responsibilities. Of course, it is of modest value, as it will be repeated in the same way in the different jurisdictions (or across these), but the cost of this description is nil.

Q 12: Yes, it is of great value for increased confidence (see response to question 1) and extremely low cost. It would be a positive signal for FS users and stakeholders.

Q 13: Yes, it is of value, not the highest, since it would signal a greater transparency, a factor of increased confidence for FE users.

Q 14: Yes, the proposed vehicles are fine.

Q 15: Yes, the proposed structure is attractive.

Q 16: Yes, global consistency is a very significant goal, nevertheless, the building block approach is the right one.

Q 17: This question is more for NSS.

Q 18: The building block approach is adequate for SMEs.

Thank you for acknowledging the receipt of this response, for your attention, and let me know if some responses are not clear enough.

Kind regards,



**Dominique Pannier**

Directeur de l'audit interne et de l'évaluation

2, rue André Pascal - 75775 Paris Cedex 16  
Tél. : +33 1 45 24 84 10 – Port. : +33 6 25 97 35 45 – Fax : +33 1 45 24 17 00  
[dominique.pannier@oecd.org](mailto:dominique.pannier@oecd.org) || [www.oecd.org](http://www.oecd.org)