



To: Prof. Arnold Schilder
Chairman
International Auditing and Assurance Standards Board
International Federation of Accountants
529 Fifth Avenue, 6th Floor
New York
New York 10017 USA

From: Economics & Finance department

Date: 10 October 2012

Reference: ECO-ACC-12-309

Subject: Improving the auditor's report

Dear Mr Professor Schilder

Insurance Europe welcomes the opportunity to respond to the IAASB's Invitation to Comment on "Improving the Auditor's Report", and supports the effort to close the expectation gap between the reality of an audit and what users/the public expect from an auditor and audited financial statements. A clear understanding of the role of a statutory auditor and of an auditor's report is therefore essential. Any contributions that help to define a clear separation of responsibilities are welcomed. The auditor's role is not to replace the judgment of management, but rather to assess if accounting rules (as developed by International Accounting Standards Board – IASB for example) have been applied in an appropriate way. The requirements of international standards on auditing (ISAs) developed by IAASB should ensure a high quality audit.

We therefore question the changed role of the auditor in terms of the additional "Audit Commentary". We believe it is essentially the role of management to provide clarification about an entity, and that it is more useful to address the most significant matters in a structured way as disclosures in the notes. The auditor's task is to audit these matters and verify if disclosure requirements have been fulfilled and lead to a fair presentation. The scope and the level of disclosure requirements are solely defined by the IASB and should not effectively be extended or doubled in the Auditor Commentary. We would encourage the IAASB to support the IASB in exploring any issues connected with disclosures requirements in financial statements.

Furthermore, Insurance Europe is in favour of a clear audit result and questions the changed role of the audit opinion through the attachment of Auditor Commentary. Under the IAASB's proposals, a negative audit opinion would be accompanied by a list of concerns. This could question the usefulness of a clear audit opinion. We believe that the Auditor Commentary (if applicable) accompanying the audit opinion should be clear and focused, rather than too detailed.

Although there is in our view a need for a clear statement about going concern assumption in the auditor's report (from the assessment of the appropriateness of management assumptions), we raise concerns about including material uncertainties on going concern in the Auditor Commentary (if applicable). We believe this topic should be dealt with by the international accounting standard setter – IASB. In addition we want point out that addressing going concern would only make sense at entity level and not at group level. We therefore kindly request the IAASB to provide clarity on this.

Please feel free to contact us in case you have any questions and/or comments.

Sincerely,

A handwritten signature in black ink, appearing to read "Olav Jones", written over a horizontal line.

Olav Jones

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