

Dear IFAC Member Bodies and Associates:

As you know, the [European Commission](#) (EC) is considering the adoption of the International Standards on Auditing (ISAs), issued by the International Auditing and Assurance Standards Board (IAASB), for the statutory audits of European Union (EU) companies. This past week, the Directorate General (DG) for Internal Market and Services issued a consultation paper to seek comments from users of audit reports, companies, public authorities, regulators, academics, and members of the public at large on the use of ISAs at the European level. It also explores whether International Standard on Quality Control 1 on internal quality controls should be part of the adoption process.

The paper represents a significant milestone in the movement toward the adoption of ISAs in the EU. It comments positively on the governance and due process of the IAASB and emphasizes that there is a lot of evidence supporting international acceptance of ISAs.

Specifically, the paper notes the following:

- The IAASB has performed a “thorough revision and clarification of the ISAs” under the Clarity Project;
- “The current governance of the IAASB has matured to a stage where it may be justifiable to adopt ISAs”; and
- “Reliance on auditor’s reports could be enhanced if the investors know that a single set of auditing standards are being used in the European Union.”

In addition, the paper points out that based on a study released by the University of Duisberg-Essen, “an adoption of the ISAs in the EU would result in quantitative and qualitative benefits for companies, investors and regulators, stemming from high quality and harmonized audits. These recurrent benefits would ... bring about a greater acceptance of EU based audits within and outside of Europe.”

It is very gratifying to IFAC and the IAASB to receive this recognition regarding the ISAs. The IAASB has worked steadfastly to create strong, clear standards and transparent

governance and due diligence structures. We are very proud of this achievement and thank member bodies for their continual support.

The DG's paper and other materials related to the review can be found at [http://ec.europa.eu/internal\\_market/consultations/2009/isa\\_en.htm](http://ec.europa.eu/internal_market/consultations/2009/isa_en.htm).

The EC has set September 15, 2009 as the deadline for responses. Please encourage your members and key stakeholders to respond to these documents by e-mail to [markt-consultation-isa@ec.europa.eu](mailto:markt-consultation-isa@ec.europa.eu). Respondents may also send comments by mail to The European Commission, DG Internal Market and Services, Auditing Unit-F4, SPA 2/JII - 01/112, B-1049 Brussels, Belgium.

Yours sincerely,

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