



International Federation of Accountants

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Agenda Item

6

Committee: IAASB

Meeting Location: New York

Meeting Date: October 25-27, 2006

Clarity – The Auditor’s Responsibilities Relating to Fraud

Objectives of Agenda Item

To approve the final redrafted ISA 240, “The Auditor’s Responsibilities Relating to Fraud in an Audit of Financial Statements,” after considering the following two remaining open matters discussed at the September 2006 IAASB meeting:

- Including some description of the inherent limitations of an audit in the context of fraud in the introductory section; and
- Ensuring that the ISA refers to “assessed risks” in all places where it is appropriate to do so.

Task Force

The members of the Clarity Task Force are as follows:

John Kellas (Chairman)	IAASB Chairman
Denise Esdon	IAASB Deputy Chair
John Fogarty	IAASB Member
Jon Grant	IAASB Technical Advisor
Bodo Richardt	IAASB Member
Jim Sylph (ex-officio)	IAASB Technical Director
Gérard Trémolière	IAASB Member

Material Presented

Agenda Item 6-A (Pages 2569– 2606)	Proposed Redrafted ISA 240, “The Auditor’s Responsibilities Relating to Fraud in an Audit of Financial Statements” (Mark-up from September 22 Draft)
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In addition to changes arising from the two open matters, Agenda Item 6-A includes a few other minor editorial changes as shown in the mark-up.

Action Requested

The IAASB is asked to review the changes to the proposed redrafted ISA 240 and to approve it as a final standard.

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