

Fraud – Question 7

7. Do you agree with the IAASB’s decision not to include a separate stand-back requirement in ED-240 (i.e., to evaluate all relevant audit evidence obtained, whether corroborative or contradictory, and whether sufficient appropriate audit evidence has been obtained in responding to the assessed risks of material misstatement due to fraud)?

Q07 Agree**3. Regulators and Audit Oversight Authorities****Securities and Exchange Commission of Brazil**

Agree (with no further comments)

4. Jurisdictional and National Auditing Standard Setters**Austrian Chamber of Tax Advisors and Public Accountants**

Agree (with no further comments)

Compagnie Nationale des Commissaires aux Comptes and Conseil Supérieur de l'Ordre des Experts-Comptables

Agree (with no further comments)

Institut der Wirtschaftsprüfer in Deutschland

Agree (with no further comments)

Instituto Mexicano de Contadores Publicos

Agree (with no further comments)

Nordic Federation of Public Accountants

Agree (with no further comments)

Saudi Organization for Chartered and Professional Accountants

Agree (with no further comments)

5. Accounting Firms**Baker Tilly International**

Agree (with no further comments)

MNP

Agree (with no further comments)

6. Public Sector Organizations**Office of the Auditor General of Ontario**

We agree that a separate stand-back requirement related to fraud is not necessary.

Riksrevisionen (Swedish National Audit Office)

Agree (with no further comments)

7. Member Bodies and Other Professional Organizations

Botswana Institute of Chartered Accountants

Agree (with no further comments)

California Society of Certified Public Accountants

Agree (with no further comments)

Chamber of Auditors of the Czech Republic

Agree (with no further comments)

CPA Australia

Agree (with no further comments)

European Federation of Accountants and Auditors for SMEs

Agree (with no further comments)

Federation of Accounting Professions of Thailand

Agree (with no further comments)

Institute of Chartered Accountants of Ghana

Agree (with no further comments)

Institute of Chartered Accountants of Jamaica

Agree (with no further comments)

Institute of Chartered Accountants of Sri Lanka

Agree (with no further comments)

Institute of Singapore Chartered Accountants

Agree (with no further comments)

Instituto Nacional de Contadores Públicos de Colombia

Agree (with no further comments)

International Federation of Accountants

Agree (with no further comments)

Korean Institute of Certified Public Accountants

Agree (with no further comments)

Malaysian Institute of Certified Public Accountants

Agree (with no further comments)

Malta Institute of Accountants

Agree (with no further comments)

Virginia Society of Certified Public Accountants

Agree (with no further comments)

9. Individuals and Others

John Keyser

Agree (with no further comments)

Moises Gonzalez Mercado

Agree (with no further comments)

Q07 Agree with comments

1. Monitoring Group

International Organization of Securities Commission

Yes, we agree with the IAASB's decision not to include a separate stand-back requirement in ED-240 as we believe the relevant stand-back requirements are already included in other ISAs and are appropriately referred to in ED-240 paragraph 1 that states "...The requirements and guidance in this ISA refer to, or expand on, the application of other relevant ISAs [emphasis added], in particular ISA 200, ISA 220 (Revised), ISA 315 (Revised 2019), ISA 330 and ISA 701."

3. Regulators and Audit Oversight Authorities

Independent Regulatory Board for Auditors – South Africa

Agree, with comments below

Supporters in our Task Group of the proposal to include a stand-back requirement in ED-240 argued that such a provision is essential for ensuring auditors take a comprehensive and critical look at all the audit evidence related to fraud. They say that a deliberate stand-back prompts auditors to holistically assess the evidence, both corroborative and contradictory, to determine if sufficient and appropriate audit evidence has been obtained related to fraud. This stand-back "moment" is seen as a crucial checkpoint to guard against overlooking signs of fraud that might have been obscured during the detailed phases of the audit.

Others in our Task Group held the opposite view, that a separate stand-back requirement is not needed. They contend that ED-240 already requires auditors to be vigilant for indicators of fraud throughout the audit. They maintain that the suite of ISAs, when properly applied together, inherently encompasses the considerations that a stand-back procedure aims to address. From this perspective, introducing a distinct stand-back requirement could be seen as redundant or potentially misleading, suggesting that fraud considerations are only relevant at a specific point in the audit rather than being pervasive to the audit.

In conclusion, incorporating considerations specific to fraud into the existing stand-back provisions in other standards and providing more guidance on how auditors should perform the stand-back requirements could be a middle-ground solution that satisfies the need for a critical look at the audit evidence related to fraud without introducing a new, stand-alone requirement into ED-240.

4. Jurisdictional and National Auditing Standard Setters

Auditing and Assurance Standards Board Canada

Agree, with comments below

We agree with the IAASB's decision not to include a separate stand-back requirement in ED-240. However, during outreach, we received mixed feedback, with many agreeing with the IAASB's decision that a separate stand-back in ED-240 is not required, but others disagreed.

Those who supported felt that it was important that a fraud lens be applied to the ISA 315 (Revised 2019) stand-back requirement. Further, they were of the view that the requirement could:

be an effective way to demonstrate "remaining alert" as required in paragraph 21 of ED-240, as well as remind the auditor to effectively challenge the appropriateness of management's assumptions; and

provide a linkage back to the risk assessment procedures to strengthen engagement team discussions and encourage those discussions at later stages of the audit.

We concluded, after considering the feedback received, that a separate stand-back requirement is not necessary in ISA 240. This is consistent with the IAASB's position in ED-240. We agree with the points highlighted in paragraphs 108 and 109 of the IAASB's explanatory memorandum that the:

existing stand-back requirements and guidance in other ISAs sufficiently apply to audit evidence obtained from audit procedures performed in accordance with ED-240.

requirement in paragraph 21 of ED-240 for the auditor to remain alert throughout the audit engagement for information that is indicative of fraud or suspected fraud already provides a robust overall check for responses to the assessed risks of material misstatement due to fraud.

Instituto de Auditoria Independente do Brasil

Agree, with comments below:

Given that there exist stand-back requirements in other ISAs, we believe that the requirement in paragraph 18 of ISA 330 is sufficient, and it is not necessary to include a separate stand-back requirement in ED-240.

Japanese Institute of Certified Public Accountants

Agree, with comments below

We believe that a stand-back requirement is needed precisely for ISA 240. On the other hand, we understand that a more coherent solution for the various stand-back requirements in the ISAs as a whole will be considered in the "Integrated Project," given the number of stand-back requirements has increased across the ISAs and the possibility of their diminished effectiveness. Therefore, we agree with the IAASB's proposal not to include stand-back requirement in ISA 240, on the basis that the Integrated Project will set out appropriate stand-back requirements for the ISAs as a whole.

New Zealand Auditing and Assurance Standards Board of the External Reporting Board

Agree, with comments below

We support the IAASB decision not to include a separate stand-back requirement in ED-240. The auditor's consideration of fraud is integral to the audit. We consider that the general stand-backs already in place, for example in ISA 315 and ISA 330, address both fraud and error and are sufficient.

Royal Dutch Institute of Chartered Accountants

Agree, with comments below

We understand the IAASB's consideration regarding this matter.

As a way of a compromise, we suggest the IAASB add a conforming amendment to ISA 330, par. 26 and par. A64, to refer to ED-240: 'The auditor shall conclude whether sufficient appropriate audit evidence has been obtained to conclude that the financial statements are free from material misstatement, whether due to fraud or error.'

Wirtschaftsprüferkammer

Yes, we agree with the decision not to include a separate stand-back requirement as it is already a well-established routine practiced throughout the audit process to evaluate all relevant audit evidence obtained, whether corroborative or contradictory, and whether sufficient appropriate audit evidence has been obtained. This also applies to the appropriateness and sufficiency of the audit response to the assessed risks of material misstatement due to fraud. Introducing an additional separate stand-back requirement would imply a false sense of precision, whereas offering no substantive value for the result of the audit.

5. Accounting Firms

CohnReznick

Agree, with comments below

We agree with the IAASB's decision not to include a separate stand-back requirement in ED-240, given its existing stand-back requirements and guidance in other ISAs (i.e., ISA 220, ISA 315, ISA 330, and ISA 540) that already apply to fraud-related procedures. We believe adding an additional stand-back requirement potentially dilutes the effectiveness of the existing stand-back in requirements, which in our view already incorporates the need for a consideration of fraud.

Crowe

Agree, with comments below

We believe that the concepts are sufficiently covered in other standards, such as ISA 315 (Revised) and ISA 330 (Revised). We do not believe the separate stand-back requirement is needed in ISA 240, so we agree with exclusion from ED-240.

Crowe Global

Stand-back requirements are sufficiently addressed in other standards such as ISA 315 (Revised 2019).

Deloitte

Agree, with comments below

As there are existing stand-back requirements in other salient ISAs such as ISA 220 (Revised), ISA 315 (Revised 2019), ISA 330, and ISA 540 (Revised), and the existence of too many stand-back requirements could detract from their intended purpose and potentially lead to a checkbox mentality in practice, we do not believe that ED-240 warrants a separate stand-back requirement.

Ernst & Young Global

Agree, with comments below

We agree with the IAASB's decision not to include a separate stand-back requirement in ED-240 as we agree that existing stand-back requirements in other ISAs, such as ISA 315 (Revised 2019), also apply to audit evidence obtained from audit procedures performed in accordance with ED-240. However, we encourage the IAASB to continue to consider an alternative and more coherent stand-back model throughout the suite of ISAs, as presented in Appendix 2 of Agenda Item 5 of the Audit Evidence project for the March 2024 IAASB meeting.

Forvis Mazars

Agree, with comments below

We support the decision not to include a separate stand-back requirement in ED240, largely on the basis that there has been a recent proliferation in stand-backs in auditing standards and that the existing requirements in ISA 315 and ISA 540, taken together with other requirements mean that an additional stand-back in the special considerations Fraud ISA is unnecessary.

More generally on this topic, we believe that the IAASB should establish what it means by a “stand-back”, perhaps including distinguishing between this and other procedures, such as concluding based on available evidence. Having defined a stand-back more clearly, the IAASB should then consider when and where such a procedure is needed throughout the suite of standards and update them as necessary.

Grand Thornton International

Neither agree/disagree, but see comments below

We agree that the existing stand-back requirements in other standards are sufficient. We suggest that the IAASB develop a holistic approach to when it is appropriate to include stand-back requirements in topic-specific ISAs to promote consistent inclusion of stand-back requirements across the suite of standards. Inconsistencies in practice may occur when there is a stand-back requirement included in some standards and not within other standards.

PriceWaterhouseCoopers

Agree, with comments below

While we understand the arguments that can be put forward in favour of including a specific stand-back requirement in ED-240, such as whether, collectively, the quality of management's responses to inquiries or quality of evidence gives rise to potential further fraud risk indicators, on balance, we do not consider these to be sufficiently persuasive. We, therefore, agree with the IAASB's decision. As described in our response to question 2, we believe that the proposed changes to the standard, including the revisions in respect of risk identification and assessment, engagement team discussions, and consideration of the need for specialized skills, may help reinforce behaviour underpinning the exercise of professional scepticism and promote a more active consideration of fraud risk factors by the auditor and how to respond to assessed risks.

Furthermore, risk assessment is an iterative process, and ISA 315 (Revised) 2019 already includes two stand-back requirements for the auditor to evaluate whether the audit evidence obtained from the risk assessment procedures provides an appropriate basis for the identification and assessment of the risks of material misstatement, and to revise the identification or assessments of the risks of material misstatement if the auditor obtains new information which is inconsistent with the audit evidence on which the auditor originally based the identification or assessments of those risks.

In addition to the enhancements to the auditor's responsibilities through the changes proposed in the ED, and the existing requirements of ISA 315 (Revised 2019), in our view the following existing requirements provide sufficient rigour in requiring the auditor to reflect on whether they have "done enough" and have a basis for their opinion:

ISA 330 (paragraph 25) – evaluating before the conclusion of the audit whether the assessments of the risks of material misstatement at the assertion level remain appropriate;

ISA 330 (paragraph 26) – to evaluate whether sufficient appropriate evidence has been obtained in response to assessed risks of material misstatement, which include those related to fraud; and

ISA 700 (Revised) (paragraph 11) – concluding whether the auditor has obtained reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error.

Paragraph 21 of ED-240 also includes an overarching requirement for the auditor to remain alert for information that is indicative of fraud or suspected fraud which already reminds the auditor to be alert and reflect on information they encounter during the audit and whether it may be indicative of fraud or suspected fraud.

Paragraph 57 of ED-240 further requires the auditor, for any identified misstatement due to fraud, to determine the implications of the misstatement in relation to other aspects of the audit, and paragraph A152 further describes the impact on the overall audit strategy with reference to the integrity of management.

If an auditor appropriately applies all these requirements across the ISAs there is no need for any further stand-back in ISA 240 (Revised).

Not including a separate stand-back requirement is also responsive to feedback from stakeholders that are concerned about a potential proliferation of stand-back requirements each and every time an ISA is revised. There may, however, be opportunity in the application material to draw attention to how the auditor's judgements related to fraud are considered in these existing requirements in other standards.

RSM International

Agree, with comments below

We agree with IAASB's view that a stand-back requirement is not needed in ED-240. ED-240 generally refers to and adds a fraud lens to relevant ISAs. We consider that the existing stand-back requirements and guidance in other ISAs are sufficient as they also apply to audit evidence obtained from audit procedures performed in accordance with ED-240.

In addition, we believe paragraph 21 of ED-240, which states that 'the auditor shall remain alert throughout the audit for information that is indicative of fraud or suspected fraud', is an overarching requirement to consider fraud throughout the audit, and therefore, accomplishes a similar objective as a stand-back requirement.

6. Public Sector Organizations

Government Accountability Office – United States

We agree with the IAASB's decision to not include a separate stand-back requirement in ED-

240. While we believe that the concept of a stand-back requirement for an engagement is useful and beneficial to the overall quality of the engagement, specifically including a stand-back requirement in ED-240 may duplicate other stand-back provisions without a noticeable benefit.

Office of the Auditor General of Canada

Agree, with comments below

We agree with the IAASB's decision to not include a stand-back requirement in ED-240. There is already an existing stand-back requirements in ISA 330. Adding a new requirement to ISA 240 would be repetitive.

Provincial Auditor Saskatchewan

Yes, the decision to not include a separate stand-back requirement in ED-240 is reasonable given the clear requirements to remain alert to conditions that may indicate possible fraud throughout the audit.

7. Member Bodies and Other Professional Organizations

Accountancy Europe

Agree, with comments below

As noted in the explanatory memorandum, there are already stand-back requirements in a number of ISAs and assessed risks of material misstatement due to fraud are already part of auditors' overall consideration when applying these requirements.

ASEAN Federation of Accountants

Agree (with no further comments)

If an auditor appropriately applies all the requirements across the ISAs, there is no need for a separate stand-back requirement in ISA 240 (Revised).

Asociacion Interamericana de Contabilidad

Agree, with comments below

We agree do not to include a requirement of this nature in ED- 240, since - as mentioned in paragraph 108 of the Explanatory Memorandum - it is already covered in other auditing standards and would be redundant.

Yes, we agree with the IAASB's decision not to include a separate reserve requirement in ED-240. This aligned decision with the general philosophy of the International Standards on Auditing (ISAs), which promotes an approach based on professional judgment and risk assessment, rather than prescribing overly detailed and specific procedures.

The absence of a specific qualification requirement in ED- 240 underscores the importance of auditors exercising sound professional judgment in evaluating the totality of audit evidence, both corroborative and contradictory. This is essential to reach an informed conclusion as to whether the audit evidence obtained is sufficient and appropriate to address the assessed risks of material misstatement due to fraud.

A more prescriptive approach could limit the auditor's ability to adapt his or her procedures and responses to the specific context and circumstances of each audit, which is vital in modern audit practice, where flexibility and adaptability are key to effectively addressing the variety and complexity of situations that may arise.

In addition, by not imposing a separate reserve requirement, ED-240 encourages a continuous evaluation mentality throughout the audit process. This reinforces the need for auditors to maintain active professional

skepticism and constant critical evaluation, which are essential elements in identifying and responding to potential fraud.

Finally, this decision helps to maintain the focus of the ISAs on the quality and depth of professional judgment, rather than on mere compliance with specific procedures. This is crucial for auditing to be truly effective in detecting and preventing fraud, ensuring that auditors remain focused on the fundamental principles of their profession and not just on verifying compliance with formal requirements.

Center for Audit Quality

Agree, with comments below

Consistency in the consideration of separate stand-back requirements

As described in the ED, the IAASB concluded that an additional stand-back requirement in ED-240 is not needed considering that existing stand-back requirements and guidance in other ISAs (i.e., ISA 220, ISA 315, ISA 330, and ISA 540) also apply to audit evidence obtained from audit procedures performed in accordance with ED-240. We are supportive of this decision, however, we do believe that it could raise questions and cause confusion among auditors regarding why a stand-back requirement is included in certain ISAs, but not others. We appreciate the Board's recognition of the concerns raised by stakeholders about the proliferation of stand-back requirements in the ISAs, and we encourage the Board to continue to pursue the separate project they have undertaken to consider the stand-back requirements in the ISAs more holistically.

Chartered Accountants Australia and New Zealand and the Association of Chartered Certified Accountants

Agree, with comments below

We support the IAASB's rationale noted in the EM paragraph 108 and find that the stand-back requirements found in other standards are sufficient, in particular the overall stand-back requirement found in ISA 700 looking at whether the financial statements are materially misstated, including, with respect to fraud. Adding another stand-back requirement in ISA 240 would likely cause duplication.

Chartered Accountants Ireland

Agree, with comments below

While we agree that a separate stand-back requirement is not needed in ISA 240, we believe it would be useful to include a reminder in the application guidance around stand-backs.

CPA Ontario Small and Medium Practices Advisory Committee

Agree, with comments below

The EM notes that the IAASB considered but ultimately decided against a separate stand-back requirement to evaluate all relevant audit evidence obtained, whether corroborative or contradictory. This decision was influenced by feedback that such a requirement could potentially be redundant, given that existing ISA standards already require auditors to critically assess audit evidence throughout the audit process.

It highlights concerns that a separate stand-back requirement could imply a higher level of responsibility for fraud detection than is feasible under the fundamental principles of an audit. Audits are designed to provide reasonable assurance and are not explicitly designed to detect fraud, especially complex fraud schemes that might involve collusion or sophisticated concealment strategies.

CPAs, especially those in smaller practices, are primarily trained in accounting and auditing, not in forensic investigation. There is a concern that a stand-back requirement might necessitate a level of scrutiny akin to forensic auditing, for which many CPAs may not have the necessary training or resources.

Including such a requirement could increase the complexity and length of audits, potentially leading to greater costs and inefficiencies, particularly for smaller firms with limited resources. This could also impact the overall feasibility of serving smaller clients effectively.

There is an ongoing debate about the "expectation gap" in auditing, where the public and other stakeholders may expect auditors to detect all instances of fraud, which is beyond the scope of a traditional financial statement audit. Adding a stand-back requirement could exacerbate this gap by suggesting that auditors have a greater ability to detect fraud than what is realistically possible.

Existing auditing standards already require auditors to consider the appropriateness and sufficiency of audit evidence when forming their opinion. Enhancing the requirements to critically evaluate evidence throughout the audit process might be sufficient without necessitating a specific stand-back provision.

In conclusion, the IAASB's decision appears to be aligned with maintaining the practicality and effectiveness of audits under current auditing standards, especially considering the operational realities and expertise of auditors, including those in smaller practices. This decision also helps manage the expectation gap regarding the auditor's role in fraud detection. However, ongoing education and guidance on evaluating audit evidence, especially in fraud contexts, remain crucial to ensure auditors are equipped to handle these challenging aspects of their work.

Federación Argentina de Consejos Profesionales de Cs. Económicas

Answer 7: We agree not to include a requirement of this nature in ED-240, since - as mentioned in paragraph 108 of the Explanatory Memorandum - it is already covered in other auditing standards and would be redundant. We understand that the treatment given to the subject by the other standards and section 21 of ED 240 sufficiently contemplates an issue as sensitive as the accountant's responsibility in relation to fraud in an audit of financial statements.

Institute of Certified Public Accountants of Rwanda

Agree, with comments below

Including an extra separate stand-back requirement appears additional work in terms of reporting and besides, throughout the entire audit engagement, the auditor shall be expected to remain alert for any information indicative of fraud or suspected fraud.

Institute of Certified Public Accountants of Uganda

Agree, with comments below

We support the new overarching requirement for auditors to remain alert throughout the audit engagements for indicators of fraud or suspected fraud as well as the requirements in the other ISAs particularly ISA 315 (Revised 2019), ISA 330, and ISA 540 (Revised) to provide robust responses to the assessed risks of material misstatement due to fraud. We believe that fulfillment of the requirements in the other ISAs regarding suspected or actual fraud negates the need for the inclusion of the same requirement in the ISA 240.

Institute of Chartered Accountants in England and Wales

Agree, with comments below

The proliferation of stand-back requirements in auditing standards was highlighted by consultees. It is reassuring to note that IAASB is cognizant of this, acknowledging in EM, Section 1-J, Para. 108 that such requirements already exist in four other ISAs, including those in ISA 700 which act as overall stand-backs on whether the financial statements are materially misstated. We agree with the decision not to duplicate this content in ED-240.

We note the analysis on the various stand-backs across the ISAs presented to IAASB by the Audit Evidence Task Force in September 2023, and that a project to improve the coherence of the stand-back architecture of the ISAs will be considered as part of the new integrated risk response work stream. We agree with a more holistic approach to codifying the stand-back requirement and hope that IAASB's efforts focus on what a stand-back entails to improve consistency in application. The finer details of where stand-back requirements are needed will follow.

Institute of Chartered Accountants of Scotland

Agree, with comments below

We agree with the IAASB's decision not to include a separate stand-back requirement in ED-240. In this regard, we believe that existing stand-back requirements in other ISAs, such as ISA 315 (Revised 2019), already apply in relation to audit evidence obtained from audit procedures performed in accordance with ISA 240-ED. There would appear to be merit to us in the IAASB continuing to consider the incorporation of a more holistic and integrated stand-back model throughout the suite of ISAs.

Malaysian Institute of Accountants - Auditing and Assurance Standards Board

Agree, with comments below

If an auditor appropriately applies all the requirements across the ISAs, there is no need for any further stand-back requirement in ISA 240 (Revised).

Pennsylvania Institute of Certified Public Accountants

Agree, with comments below

The committee has mixed views regarding including/excluding a separate stand-back requirement in ED-240. Given the significance of fraud, there is support for including a separate stand-back requirement in ED-240. However, given that this is ultimately integrated with risk assessment, a separate requirement could be seen as superfluous. Regardless of the final conclusions, we support further practice materials to help practitioners to perform the stand-back requirement effectively rather than simply responding to an additional question on a third-party practice aid.

9. Individuals and Others

Colin Semotiuk

Agree, with comments below

Yes, we agree with the IAASB's decision to not include a separate stand-back requirement in ED-240. To include this requirement would further demonstrate that ED-240 is a "stand alone" audit of fraud vs. requirements relating to fraud for a financial statement audit.

Q07 Disagree

1. Monitoring Group

International Forum of Independent Audit Regulators

The requirements of paragraph 29 regarding key engagement team discussions should specify that the discussion of fraud risk factors and fraud risks should consider which component auditor engagement team members to include in the discussion based on initial expectations about the risks of material misstatement. The engagement partner should also consider the need for discussions relating to fraud risk factors and fraud risks at later stages during the audit to ensure conclusions remain consistent with those determined at the audit planning stage.

In addition, IFIAR has recommendations in the following areas:

Stand-back requirement.

Stand-back requirement

We understand the concerns raised by the IAASB in the explanatory memorandum to ED-ISA 240 relating to proliferation of stand-back requirements, however, there are key standards that require the auditor to consider audit evidence obtained and evaluate such evidence holistically, using professional judgment. The stand-back requirement in 315R is critical as it requires the auditor to take into account all evidence obtained and refine the initial identification and assessment of the risks of material misstatement as the audit progresses. The objective of the initial and on-going risk identification and assessment applies to risks of material misstatement whether due to fraud or error. Audit evidence that is inconsistent with the auditor's initial identification and assessment of risk is identified, in practice, in inspections where the auditor has not revised their risk assessment, and accordingly, has not performed further audit procedures. Audit evidence not considered by the engagement team is often information that was included in the audit file and/or public filings.

The auditor's evaluation of whether audit evidence (whether corroborative or contradictory) is indicative of an error or suspected fraud requires significant professional skepticism. This evaluation cannot be made in isolation but needs to consider the cumulative effect of audit evidence obtained and be re-considered throughout the audit. A separate stand-back requirement within ED-ISA 240 is necessary to emphasize the importance of the auditor remaining open to the possibility that audit evidence obtained (whether corroborative or contradictory) may be indicative of either an error, a fraud risk factor not previously identified including, for example, possible management bias, or fraud. The distinction is important as the further audit procedures necessary will be different in the different circumstances. The separate stand-back in ED-ISA 240 would be strengthened with the use of stronger language (such as "challenge, question and re-consider") to describe the expectations of auditors.

2. Investors and Analysts

CFA Institute

Disagree, with comments below

We agree with Board Member Kienhuis's dissent and recommend the IAASB include a separate stand-back requirement in ED-240.

Corporate Reporting Users' Forum

Disagree, with comments below

We do not think financial statement users fully understand the differences between the effectiveness of a separate stand-back requirement in ED-240 and that of applying stand-back requirements included in each ISA. The IAASB says that Paragraph 21 of ED-240 covers it, but we are not sure if that paragraph in fact implies the application of stand-back requirement throughout the audit. We do not think there is any

problem in including a separate stand-back requirement in ED-240. We think it should be included in ED-240, just in case other ISAs' stand-back requirements simply do not work. Only after the IAASB has addressed how stand-back requirements are considered across all standards, and it will be evident that the stand-back requirement is applicable in the context of 240 Fraud, it becomes opportune to remove references to the stand-back requirement in this and other individual standards.

Eumedion

Disagree, with comments below

The EM reads: "On the other hand, the IAASB noted that an additional stand-back requirement in ED-240 may not be needed considering that existing stand-back requirements and guidance in other ISAs (i.e., ISA 220 (Revised)²³, ISA 315 (Revised 2019),²⁴ ISA 330,²⁵ and ISA 540 (Revised)²⁶) also apply to audit evidence obtained from audit procedures performed in accordance with ED-240. The IAASB is also mindful of the concern raised by stakeholders about the proliferation of stand-back requirements in the ISAs."

By only omitting the stand-back requirement in this particular standard and keeping the ones in other standards, the IAASB provides an unintended signal that there is less of a need for this requirement in the context of fraud. We suggest that the stand-back requirement is included in the final standard. Only after the IAASB has addressed how stand-back requirements are considered across all standards, and it will be evident that the stand-back requirement is applicable in the context of 240 Fraud, it becomes opportune to remove references to the stand-back requirement in this and other individual standards.

3. Regulators and Audit Oversight Authorities

Botswana Accountancy Oversight Authority

Agree, with comments below

Despite there being other paragraphs on stand-back requirements under other ISAs none of these are specific to fraud, considering the concerns that lead to this ED. We believe that there should a separate paragraph on stand back requirement under ISA 240 (Revised) that is specific to fraud.

Canadian Public Accountability Board

Stand-back requirement

A stand-back requires the auditor to evaluate all relevant audit evidence obtained. The auditor considers the outcome of the various risk assessment and further audit procedures, as well as any other observations in the aggregate, whether corroborative or contradictory, and determines whether sufficient appropriate audit evidence has been obtained in responding to the assessed risks of material misstatement due to fraud. While we understand the concerns expressed by the IAASB related to a proliferation of stand-back requirements, there are key standards that require the auditor to consider audit evidence obtained and evaluate such evidence holistically, using professional judgment throughout the engagement, including a stand-back requirement.

Our inspections have noted instances where auditors dismissed fraud risk factors or audit evidence that should have been further investigated. It is critical that auditors are open to the possibility that a material error due to fraud can occur, that they exercise professional skepticism and judgement and they perform a stand-back assessment when evaluating the results of audit procedures. The examples related to audit evidence published in our March 2022 communication to firms, Audit evidence: Strengthening audit quality, continue to be relevant. They highlight that fraud risk identification and assessment is an iterative and

dynamic process occurring throughout the audit and that a stand-back assessment may alert the auditor when audit procedures have not adequately addressed fraud risks.

Below are some additional examples identified in recent inspections where the auditor did not identify and assess fraud risk factors that could result in a material misstatement, resulting in the auditor not obtaining sufficient appropriate audit evidence:

Revenue transactions occurred between two entities, where inventory from a particular location of entity A was sold to entity B, while entity B sold the same inventory to a different location of entity A. The economic substance and business rationale of the transactions and the appropriateness of the recorded revenue was not challenged by the auditor.

Entity A used the services and shared employees with entity B. The auditor did not have a sufficient understanding of why the services were performed by entity B given the shared employees. In addition, the auditor of entity A did not consider evidence that indicated entities A and B were related parties.

Entity A purchased equipment from entity B, a related party. Consideration for the equipment was paid for by entity A by transferring crypto assets through a crypto trading platform managed by entity B. The auditor performed substantive procedures to test the existence, ownership and valuation of the equipment by agreeing to invoices prepared by entity B and tracing the consideration paid to an internally generated report from the crypto trading platform. The auditor did not evaluate if there was a reasonable business rationale for the transaction or if there was any indication it may have been entered into to engage in fraudulent financial reporting or to conceal misappropriation of assets.

An entity used the services of a service organization, which was identified as a related party due to common key management of both entities. The agreement between both entities was amended by the same key management personnel, which resulted in additional charges paid to the service organization that were applied retroactively. The auditor did not evaluate if there was a risk of fraud related to the contract amendment or obtain evidence this amendment was reviewed and approved by those charged with governance who were independent of the service organization.

The exposure draft would be strengthened with the addition of more requirements, clarity and examples to promote consistent application by auditors. Specifically:

Add a stand-back requirement to the fraud standard.

Committee of European Auditing Oversight Bodies

It is our view that a stand-back requirement should be included in ISA 240 given the high level of public interest in this area. While there are stand-back requirements in other ISAs, they are not focused on fraud. There is a risk that, in the absence of such a requirement, the auditor may not adequately assess whether information obtained late in the audit process may be indicative of fraud. Additionally, the auditor should be required to consider both contradictory and corroborative information.

The application material (paragraph A30) highlights the importance of remaining alert when performing audit procedures near the end of an audit when time pressures may impede the exercise of professional skepticism. The IAASB should re-consider if this is the appropriate location for this statement, given the IAASB's choice not to insert a stand back requirement, for the auditor to take all audit evidence into account in forming conclusions at the end of the audit, as suggested in our January 2021 letter.

Financial Reporting Council – United Kingdom

Disagree, with comments below

We included a stand-back requirement as an addition to ISA (UK) 240 when we revised it in 2021. While we understand there may be view that this is unnecessary repetition of requirements in other standards, we believe there are some matters for which it is beneficial to do so. We believe it is particularly important to emphasize the need to give specific attention to fraud when applying the stand-back and overall evaluation of the sufficiency and appropriateness of audit evidence obtained. We disagree that the new overarching requirement in paragraph 21 of ED-240, for the auditor to remain alert throughout the audit engagement for information that is indicative of fraud or suspected fraud “provides a robust overall check for responses to the assessed risks of material misstatement due to fraud.”

Irish Auditing & Accounting Supervisory Authority

Disagree, with comments below

It is our view that a stand-back requirement should be included in ED 240 given the high level of public interest in this area. While there are stand-back requirements in other ISAs, they are not focused on fraud. There is a risk that, in the absence of such a requirement, the auditor may not adequately assess whether information obtained late in the audit process may be indicative of fraud. Additionally, the auditor should be required to consider both contradictory and corroborative information.

The application material (paragraph A30) highlights the importance of remaining alert when performing audit procedures near the end of an audit when time pressures may impede the exercise of professional skepticism. The IAASB should re-consider if this is the appropriate location for this statement, given the IAASB's choice not to insert a stand back requirement for the auditor to take all audit evidence into account in forming conclusions at the end of the audit.

4. Jurisdictional and National Auditing Standard Setters

American Institute of Certified Public Accountants

Disagree, with comments below

We encourage the IAASB to expand the requirement in paragraph 54 to require the auditor to evaluate, at or near the end of the audit, the accumulated results of all auditing procedures, not solely analytical procedures.

Evaluation of Accumulated Results and Analytical Procedures Performed Near the End of the Audit in Forming an Overall Conclusion

54. In applying ISA 520,32 tThe auditor shall evaluate at or near the end of the audit, whether the accumulated results of auditing procedures (including determine whether the results of analytical procedures that wereare performed as substantive tests or when forming an overall conclusion) affect the assessment of the risks of material misstatement due to fraud made earlier in the audit or near the end of the audit, when forming an overall conclusion as to whether the financial statements are consistent with the auditor's understanding of the entity, indicate a previously unrecognized risk of material misstatement due to fraud. If not already performed when forming an overall conclusion, the analytical procedures relating to revenue, required by paragraph 29(b), shall be performed through the end of the reporting period. (Ref: Para. A142–A143)

Aside from our recommended revisions to paragraph 54, we believe the stand-back requirements within other ISAs are sufficient. However, we recommend the IAASB reference the ISA 330 stand-back in ED-240's application material (similar to what was initially included in the December 2023 IAASB meeting materials), serving as a reminder to auditors about the requirement to re-evaluate the sufficiency and

appropriateness of audit evidence while also encouraging them to perform these procedures with a fraud lens.

Evaluation of the Sufficiency and Appropriateness of Audit Evidence (Ref: Para. XX)

XXXX.

ISA 330 requires the auditor, based on the audit procedures performed and the audit evidence obtained, to evaluate whether the assessments of the risks of material misstatement at the assertion level remain appropriate. This evaluation is primarily a qualitative matter based on the auditor's judgment. Such an evaluation may provide further insights about the risks of material misstatement due to fraud and whether there is a need to perform additional or different audit procedures.

Australian Auditing and Assurance Standards Board

Disagree, with comments below

A stand back provision would be an important part of our suggestion in response to Question 4 to introduce a clearly trivial exclusion from applying all parts of paragraph 55. See our response to Question 4 for more information.

Hong Kong Institute of Certified Public Accountants

Disagree, with comments below

We share the same view of the IAASB regarding the crucial role of the stand-back requirement in the overall evaluation process. We believe that the significance of the stand-back requirement in the fraud risks assessment should be emphasized by including it in the requirement section of ED-240 rather than implying the principle in ED-240.21 as currently drafted. ED-240.21 requires the auditor to remain alert throughout the audit and ED-240.19 requires the auditor to maintain professional skepticism throughout the audit. We consider that requiring the auditor to “maintain professional skepticism” and “remain alert” without specifying corresponding actions may create ambiguity regarding the specific procedures the auditor should undertake to fulfill the requirements, as well as creating inconsistent application of the relevant requirements in practice. Therefore, we recommend that the IAASB, aligning the approach of ISA 315 (Revised 2019) and ISA 540 (Revised), include an explicit stand-back requirement in ED-240 that requires the auditor to perform the overall evaluation by taking into account all audit evidence obtained from the procedures performed, whether corroborative or contradictory.

Besides, we find that the application materials in ED-240.A29 to A32 do not provide guidance on how to demonstrate the auditor's thought process in reaching the conclusion in the audit documentation. We recommend that the application material be expanded to address the nature and extent of documentation required in relation to the “maintaining professional skepticism” and “remain alert” requirements or develop non-authoritative materials such as case studies to highlight how the auditor maintained professional skepticism and remained alert as required in ED-240.

5. Accounting Firms

BDO International

Disagree, with comments below

Although we agree that there already exist stand backs in other ISAs, we feel excluding it from ED-240 is inconsistent. To reduce the number of stand backs included separately in various ISAs, we recommend adding to the existing stand back requirement in ISA 220 a summary of where stand backs are performed

during the audit (e.g., during risk identification and assessment, when performing procedures related to fraud, when performing procedures relating to accounting estimates, etc.). This would also reduce the need to add stand backs when revising ISAs in the future.

Alternatively, if the above recommendation is not possible, we believe that inclusion of a separate stand back requirement in ED-240 would help build on the stand back requirements first introduced in ISA 540 (Revised) and subsequently in ISA 315 (Revised 2019). This would help to embed stand back procedures in the auditor's mindset and also ensure this is examined specifically through a fraud lens. The stand back through a fraud lens could be a powerful tool to assist auditors in the detection of material fraud.

KPMG International

Standback requirement – we recommend the inclusion of a specific standback requirement in relation to fraud towards the end of the audit, with related application material to address matters to consider at the standback stage, and to emphasize the importance of the exercise of professional skepticism when performing standback procedures. Please refer to our response to Question 7 for further details.

We also refer to our comments in respect of the inclusion of material to address group audit scenarios at certain points in the standard (e.g., in respect of the appropriate exercise of professional skepticism, as we describe in our response to Question 2, and in respect of the inclusion of a standback requirement, as we describe in our response to Question 7). We recommend that ED-240 be enhanced to better address these matters, which are an important part, in particular, of enabling the standard to be scaled up, for audits of larger and more complex entities.

Disagree, with comments below

We do not agree with the IAASB's decision not to include a separate stand-back requirement within ED-240, i.e., a requirement for the auditor to evaluate all audit evidence obtained, whether corroborative or contradictory, and at that stage to consider, in respect of the assessed risks of material misstatement due to fraud, whether there are indicators of fraud or suspected fraud.

We understand the IAASB's rationale that there are stand-backs in a number of recently issued ISAs and the IAASB does not want a proliferation of such requirements. We also recognize the view that the requirement at paragraph 21 for the auditor to "remain alert throughout the audit engagement for information that is indicative of fraud or suspected fraud" may encompass, to some degree, the matters that a standback would address. In particular, we note that the application material relating to "remaining alert", at paragraph A30, emphasizes the importance of remaining alert "including when performing audit procedures near the end of the audit [emphasis added]" and notes that "audit evidence may be obtained near the end of the audit that may call into question the reliability of other audit evidence obtained or cast doubt on the integrity of management or those charged with governance".

However, we recommend the inclusion of an explicit standback requirement that places a more active responsibility on the auditor to evaluate the audit evidence obtained, in totality, prior to forming the audit opinion, as to whether sufficient appropriate audit evidence has been obtained in responding to the assessed risks of material misstatement due to fraud, including considering whether the audit evidence, taken as a whole, may be indicative of fraud or suspected fraud. We also consider that such a standback should involve another specific "touchpoint" for the engagement team to carefully consider and robustly discuss fraud-related matters, similar to the whole team approach taken in planning discussions. This is broader in scope, and also more specific in nature than a requirement to only "remain alert" (to information about fraud or suspected fraud), and involves consideration of disconfirming audit evidence, consideration

as to whether additional circumstances that may be indicative of fraud and additional fraud risk factors have been identified, and would also provide a specific opportunity to discuss these matters with specialists/experts, such as forensics experts, if they are involved in the audit. We highlight that in many cases it is only at the end stages of an audit, when considering the audit evidence obtained as a whole, including the underlying rationale for certain business decisions and significant or unusual transactions and whether this is clear and “makes sense”, and considering whether the audit evidence as a whole, including explanations obtained, is sufficiently reliable, that indicators of fraud/suspected fraud may be identified. ED-240 also acknowledges this to some extent, e.g., the content at A30, as referenced above.

Additionally, we believe there are a number of specific requirements in the standard that need to be “closed out”, e.g., at paragraph 21, regarding remaining alert, paragraph 48 regarding audit procedures to respond to risks related to management override of controls, paragraph 53 regarding significant unusual transactions outside the normal course of business and paragraph 54 regarding analytical procedures performed near the end of the audit. Accordingly, a standback would be an important inclusion within ED-240 in order to do so. Furthermore, we consider that there should be a specific requirement prior to forming the audit opinion, that is linked to ISA 330.25-.26, that based on the audit procedures performed the auditor shall evaluate whether the assessments of the risk of material misstatement at the assertion level remain appropriate, and whether sufficient appropriate audit evidence has been obtained, considering all relevant evidence, regardless of whether it appears to corroborate or contradict the assertions in the financial statements. We believe these considerations are of particular importance in respect of fraud, as we note above, and therefore an explicit requirement, linked to ISA 330, that requires the application of a fraud lens when performing such procedures should be included. We note that the UK ISA 240 has introduced such a requirement at paragraph 37-1. We consider that in cross-referencing to ISA 330, and with the inclusion of application material to set out specific matters that the auditor would consider in respect of fraud at the standback stage, including discussion of circumstances that may be indicative of fraud that may have been identified over the course of the audit, this would avoid duplication of requirements and instead assist auditors in applying such a fraud lens when executing the requirements at ISA 330.25-26. Such material could also address scalability considerations, as we consider that a standback requirement is inherently scalable, and that when auditing a smaller and less complex entity, the nature and extent of the standback procedures would be relatively less in scope.

Furthermore, we consider that the inclusion of a standback requirement would be aligned with the IAASB’s stated objective of reinforcing the importance, throughout the audit, of the appropriate exercise of professional skepticism in fraud-related procedures, by auditors.

We acknowledge that the IAASB has paused the project to update ED-500 and will proceed with an integrated project on audit evidence and risk response, and that, as part of that project, the IAASB will review the standback requirements that have been included across a number of ISAs in recent years, with a view to rationalizing these. We suggest that the IAASB consider our recommendation regarding a fraud-specific standback as part of that project, and that if a rationalization approach is taken, that ED-240 be conformed to include a cross-reference to the primary standback included within the ISAs, and include specific guidance for the auditor as to the ED-240-specific considerations in respect of fraud to be made as part of an overarching standback requirement.

Moore Global Network

Disagree, with comments below

The proliferation of the stand-back requirement throughout all the ISAs is appropriate and the IAASB should look for opportunities to include as they continue to revise standards, such as was done for ISA 315 (Revised) and ISA 220 (Revised).

Although stand-back requirements exist in other standards, if auditors do not consider all standards holistically, which is not an uncommon practice when referring to the specific standards one is using, the stand-back process may be applied in an inconsistent and limited fashion.

We acknowledge that while paragraph 21 of the standards requires auditors to remain alert throughout the audit engagement—implicitly suggesting a stand-back consideration—we believe it's important, and useful, to explicitly require auditors to stand back and re-evaluate their findings.

Given how crucial the stand-back concept is in integrating all observations and findings before reaching a conclusion on fraud (and other key audit matters), and the 'cost' to include this in ISA 240 (Revised) is minimal, we believe a separate stand-back requirement should be included in the final standard.

SRA

Disagree, with comments below

It is desirable to include a separate 'stand-back procedure' in ISA 240. In many well-known fraud cases, it subsequently transpires that there were multiple 'signals' that pointed to (a suspicion of) fraud. We believe that it helps the auditor to specifically evaluate the audit information obtained from the fraud perspective, precisely with regard to the risks of a material misstatement resulting from fraud identified by the auditor. The auditor has recognized these risks and therefore pays special attention to them in the audit. In our opinion, this deserves careful consideration in the form of a separate 'stand-back procedure'.

7. Member Bodies and Other Professional Organizations

Fraud Advisory Panel

Disagree, with comments below

We consider it necessary for the auditor to specifically reflect on a situation in which management and/or those charged with governance were motivated to commit fraud, and then to reflect on what they might then do and how they would conceal that fraud, and in that context to evaluate audit evidence obtained and errors identified.

This will reinforce the auditors' need to consider possible frauds which may not be material by amount but may still be material in qualitative terms. Examples of such frauds may include the manipulation of key performance indicators to meet financing covenants, where failing to meet those covenants may result in breach of financing arrangements requiring a reclassification of long-term debt to short-term creditors and impacting the assessment of the entity's ability to continue as a going concern.

Pan-African Federation of Accountants

Neither agree/disagree, but see comments below

The revised standard already addresses the need for auditors to consider audit evidence from an overall impact perspective. Including a stand-back as a double-check could confirm sufficient appropriate audit evidence on fraud matters.

The stand-back provision is acceptable if it parallels ISA 315 R, focusing on the engagement partner's responsibility to review relevant working papers without exposing auditors to forensic risks. It should confirm whether the fraud assessment is sufficient or if additional procedures are needed.

To encourage professional skepticism, a stand-back requirement may be worth including as it prompts auditors to consider the evidence holistically before concluding on whether the financial statements are materially misstated. Additional guidance on performing stand-back requirements could further enhance its effectiveness.

South African Institute of Chartered Accountants

Disagree, with comments below

The ED-240 should have a stand-back requirement given the importance of the auditor considering whether they have gathered sufficient audit evidence. We recommend that the IAASB including guidance on what to consider when performing the stand-back requirements with regards to material misstatements in the financial statements due to fraud.

As part of the need to change auditor behaviour towards encouraging the exercise of professional skepticism, the stand-back requirement is worth including as it would prompt the auditor to consider the evidence gathered in holistically before concluding whether the financial statements are materially misstated.

In many cases the procedures are performed by less experienced members. The stand-back provision should require that the engagement partner take responsibility for reviewing the relevant working papers and state that yes, the fraud assessment is sufficient or no additional procedures still need to be performed.

As part of the need to change auditor behaviour towards encouraging the exercise of professional skepticism, the stand-back requirement is worth including as it would prompt the auditor to consider the evidence gathered in holistically before concluding whether the financial statements are materially misstated.

This ED-240 should have a stand-back requirement given the importance of considering of whether the auditor has gathered sufficient audit evidence. It may also be appropriate for the IAASB to consider including guidance on what to consider when performing the stand-back requirements.

8. Academics

Accounting and Finance Association of Australia and New Zealand

Disagree, with comments below

We do not agree with the IAASB's decision not to include a stand-back requirement in ED-240. Research highlights the advantages in having auditors make a second judgment (e.g., Brasel et al. 2019; Zimbelman 2022) and the benefits of auditor's challenging their own judgment processes (Grenier 2017; Harding and Trotman 2017). Identified circumstances, in isolation, may appear innocuous, but when considered with regard to the full suite of evidence collected, may highlight that the auditor has not collected sufficient appropriate evidence. Specifically related to stand-back provisions, Zhu et al. (2024) highlight the benefits of stand-back on auditor fraud judgments.

This reflection on the evidence obtained and the wholistic interpretation of that evidence, makes for a more robust consideration of fraud in an audit of financial statements. While we acknowledge stand-back provisions in other standards, we believe that the importance of a wholistic evaluation of the evidence

warrants a specific stand-back requirement in the revised standard on fraud. This would also facilitate specific application and explanatory material on the application of stand-back with reference to fraud.

We further note the IAASB's comment in the Explanatory Memorandum that paragraph 21 of ED-240 "provides a robust overall check for responses to the assessed risks of material misstatement due to fraud" (p.31). Paragraph 21 in ED-240 is aimed at reinforcing the exercise of an appropriate level of professional skepticism while considering fraud in an audit of financial statements. While the exercise of professional skepticism is critically important in the execution of any stand-back that may be required, stand-back is more than just the exercise of professional skepticism. Moreover, we note in our response to Question 2 our concern that paragraph 21 does not encourage an appropriate level of auditor work effort when exercising professional skepticism. We do not believe, therefore, that paragraph 21 is a substitute and will not achieve the benefits that research suggests will derive from a stand-back requirement. We encourage the IAASB to consider introducing a stand-back requirement before issuing the revised standard.

Brasel, K.R., Hatfield, R.C., Nickell, E.B., and Parsons, L.M., 2019. The effect of fraud risk assessment frequency and fraud inquiry timing on auditors' skeptical judgments and actions. *Accounting Horizons* Vol.33 No.1, pp.1-15.

Grenier, J.H. 2017. Encouraging professional skepticism in the industry specialization era. *Journal of Business Ethics* Vol.142, No. 2, pp.241-246.

Harding, N., and Trotman, K.T. 2017. The effect of partner communications of fraud likelihood and skeptical orientation on auditors' professional skepticism. *Auditing: A Journal of Practice and Theory* Vol. 36 No.2, pp.111-131.

Zhu, S., Phang, S.Y., Wang, I.Z., and Cooray, A. 2024. How do the stand-back requirement and root cause analysis influence auditors' fraud judgments? Working Paper. Monash University.

Zimbelman, A.F. 2022. Can auditors improve their judgment by drawing on the crowd within? *Contemporary Accounting Research* Vol.39 No.2, pp.1334-1357.

9. Individuals and Others

Albert Bosch

Disagree, with comments below

The argument that existing stand-back requirements and guidance in other ISAs are already in place is in our opinion not a strong argument to refrain from including such a requirement in ED 240, because (1) it didn't prevent the addition of stand-back requirements in those other ISAs and (2) in responding to fraud risk, the confirmation bias can be very much present, as finding no (misstatements due to) fraud is the expected and most wanted outcome. In meeting these requirements, we do see a possibility for audit teams to combine several stand-back requirements into one combined stand-back. Therefore, we believe that a mandatory stand-back (as a requirement) can improve auditor's skepticism, especially regarding the topic of fraud and ideally combined with a reflection from a different point of view to avoid or reduce confirmation bias.

Altaf Noor Ali Chartered Accountants

R7: No. Our reasons are as follows-

7.1 The ED-240 contributes directly in bridging the ‘expectations gap’ between auditors and users of financial statement. A separate stand-back requirement in this case is appropriate: to evaluate all relevant evidence...The process of a final review of all evidence is appropriate.

7.2 We believe that the nature of the profession is such that the work of auditors goes on right upto the last moment before the financial statements are initialed. The nature of our task is such that I feel it is done so deliberately so as not to give the auditor a reasonable time to complete the work. That is where we are most vulnerable and mistakes do happen. However, we do not consider it a reason not to have the stand-back requirement.

7.3 Our professional experience indicates that the ultimate comprehensive review (a practice since long) is hectic and useful for all involved. It pays us and the client both heavy returns in refreshing our faded memory, work done, linking different elements of the financial statements as a whole, compels us to collect promised documents, make financial statements misstatement-free. The odd working hours remain a feature of our job. We should be more disciplined and better organized.

Q07 No response

3. Regulators and Audit Oversight Authorities

European Securities and Markets Authority

8. Academics

University of KwaZulu-Natal

No response

9. Individuals and Others

Dr. Rasha Kassem

No response