

Fraud – Question 11

11. Recognizing that many respondents may intend to translate the final ISA for adoption in their own environments, the IAASB welcomes comment on potential translation issues respondents note in reviewing the ED-240.

Q11 Specific comments on translation issues**4. Jurisdictional and National Auditing Standard Setters****Auditing and Assurance Standards Board Canada**

See comments on translation below

CPA Canada prepared a French translation for ED-240 and identified the following issues.

Translation of corruption and bribery

The expression “corruption and bribery,” when translated to French is “corruption.” Therefore, the distinction between the two concepts, which are considered separate concepts under ED-240, will not be apparent in the French translation of the standard. Without this distinction, this may lead to different interpretations between the English and French application of the relevant paragraphs.

According to Merriam-Webster Dictionary and Cambridge Dictionary, bribery is a type of corruption. This is consistent with the Association of Certified Fraud Examiners (ACFE)’s Report to the Nations, where corruption encompasses bribery, conflicts of interest, illegal gratuities, and economic extortion.

Below is an example of how paragraph A19 would be read in French.

A19. Corruption, bribery and money laundering are forms of illegal or unethical acts. Corruption, bribery, and money laundering may be distinct concepts in law or regulation, however, they may also be fraudulent acts, or may be carried out to facilitate or conceal fraud.

Examples:

Corruption involving fraud – Management colluded with other competing parties to raise prices or lower the quality of goods or services for purchasers who wish to acquire products or services through a bidding process (i.e., bid rigging). The bid rigging included monetary payments by the designated winning bidder to colluding parties using fraudulent consulting contracts for which no actual work took place.

Corruption Bribery to conceal fraud – Management offered inducements to employees for concealing the misappropriation of assets by management.

Money laundering to facilitate fraud – An employee laundered money, to an offshore bank account, that was illegally obtained from embezzling payments for fictitious purchases of inventory through the creation of false purchase orders, supplier shipping documents, and supplier invoices.

Suggest:

Consider if the wording in ED-240 should just be “corruption” instead of “corruption and bribery.” The impacted paragraphs include A18-A20, A62 and Appendix 1.

Translation of work effort verbs

In the past, verbs such as “evaluate” and “determine” have been used interchangeably in the French translation process. Within ED-240, there were instances where certain verbs were changed to better reflect the work effort as per the Complexity, Understandability, Scalability, and Proportionality (CUSP) Drafting Principles and Guidelines. During the translation process, reference to the CUSP Drafting Principles and Guidelines helped to ensure the verbs aligned with the principles.

Suggest:

To assist translators: Issuing the CUSP Drafting Principles and Guidelines as a final document to be circulated to all the parties translating IAASB standards across the various jurisdictions, to ensure consistency of translation.

To assist practitioners in understanding and applying the ISAs: Translating the final CUSP Drafting Principles and Guidelines into each of the languages the standards are translated so practitioners can refer to it in understanding and applying the standards.

Austrian Chamber of Tax Advisors and Public Accountants

We noted that some of the language in the standard, especially in the application material, has been drafted using overly complex structures of sentences and the references within the standard and to related materials. This typically gives rise to inconsistencies in translation. We therefore recommend reviewing the wording of such paragraphs and to simplify - where possible - the structure of the text.

Institut der Wirtschaftsprüfer in Deutschland

See comments on translation below

We will likely have difficulty translating the term ““top-side” adjustments” used in paragraph A129. The question arises whether a description rather than a colloquial term could be used.

Saudi Organization for Chartered and Professional Accountants

See comments on translation below

SOCPA believes that the language used in the proposed revisions in ED-ISA 240 is generally clear. However, we believe that the term “legal determinations” may create some challenges in conveying the same meaning in Arabic language.

5. Accounting Firms

BDO International

We continue to support the IAASB’s efforts to make ISAs and other pronouncements issued by the International Standard Setting Boards, accessible to users through effective and timely translation. Many of the terms and concepts in ED-240 are present in the ISAs or defined in the ED so at this stage, we do not foresee any immediate issues in respect of translation. To aid accessibility, we would continue to ask the IAASB to make their package of professional standards as accessible as possible through the e-International Standards online tool as soon as possible.

7. Member Bodies and Other Professional Organizations

Asociacion Interamericana de Contabilidad

In general, in Latin America, it is very difficult to obtain the rich documents issued by IAASB in Spanish, and the translation of the documents issued in English has even more difficulties. That is why AIC has been making great efforts for years to maintain an official translation committee with the consent of IFAC, but also in this

effort it finds so many difficulties that require prompt and satisfactory attention, a translation accepted by IFAC will greatly strengthen the adoption of the standards registered by this entity. A palpable example of the difficulties we encounter is the precarious translation into Spanish of both Exposure- Draft-Proposed-ISA-240-Revised-Fraud and Public-Interest-Table-Exposure-Draft-ISA-204-Mapping-Key- Changes for our requested comments.

California Society of Certified Public Accountants

The definition of fraud could be different in various governing boards and translation in languages of various countries. In the U.S., the definition of fraud can be from the finding of a legal conclusion which is beyond the scope of a CPA practitioner to determine.

European Federation of Accountants and Auditors for SMEs

We believe the standard is reasonably easy to understand in English. It is clear and unambiguous. That said, we encourage the IAASB to consider whether the standard can be shortened by removing any duplication and repetition.

Institute of Chartered Accountants of Sri Lanka

Translators may need to be careful in selecting the most suitable words, especially considering the legal requirements. definitions and wordings of such jurisdictions.

For example, the definition and the understanding of the public about the term "Fraud" may differ from jurisdiction to jurisdiction. As a result, frauds may be misunderstood as crimes.

International Federation of Accountants

The standard is reasonably easy to understand in English, which should bode well for translation, but we raise attention to some of the comments we have made earlier in our response. Reduction of the length of the standard and associated guidance by removal of any unnecessary duplication and repetitiveness and ensuring consistency of terminology would both be helpful for translation. We also recommend that the IAASB start looking at developing and maintaining translation libraries. Within these, key terminology that needs to be translated in a particular way for the profession could be captured. These will help prioritize certain translations of such terminology and the libraries can be used regardless of whether translation occurs through traditional means or is AI generated.

9. Individuals and Others

Altaf Noor Ali Chartered Accountants

R11. The quality of a translated document us as good as the original approved Standard.

The task of the translated documents of understandability can be made much easier by selecting the right English of the approved text.

Q11 No translation issues

3. Regulators and Audit Oversight Authorities

Botswana Accountancy Oversight Authority

We do not anticipate any translation issues as we do not translate the final ISAs in our environment.

4. Jurisdictional and National Auditing Standard Setters

Royal Dutch Institute of Chartered Accountants

We expect no translation issues, as the wording in this ED-240 appears to be straightforward.

5. Accounting Firms

SRA

We expect no translation issues.

6. Public Sector Organizations

Office of the Auditor General of Ontario

We have no concerns in this regard.

Provincial Auditor Saskatchewan

We have no comments on potential translation issues.

7. Member Bodies and Other Professional Organizations

ASEAN Federation of Accountants

No response

Translation must be made without creating further complexities as ED 240 should be applied globally.

Chamber of Auditors of the Czech Republic

We do not see any issue in translating the standard.

Malaysian Institute of Certified Public Accountants

We are currently using English version and have not encountered issues.

Pan-African Federation of Accountants

Although we do not have specific translation issues to report, we emphasize the importance of considering translation implications and welcome the IAASB's initiative to gather feedback on this matter.

Q11 No specific comments

1. Monitoring Group

International Forum of Independent Audit Regulators

International Organization of Securities Commission

2. Investors and Analysts

CFA Institute

No response

Corporate Reporting Users' Forum

No response

Eumedion

No response

3. Regulators and Audit Oversight Authorities

Canadian Public Accountability Board

Committee of European Auditing Oversight Bodies

The CEAOB has not examined this subject.

European Securities and Markets Authority

Financial Reporting Council – United Kingdom

No response

Independent Regulatory Board for Auditors – South Africa

No response

Irish Auditing & Accounting Supervisory Authority

No response

Securities and Exchange Commission of Brazil

No response

4. Jurisdictional and National Auditing Standard Setters

American Institute of Certified Public Accountants

No response

Australian Auditing and Assurance Standards Board

No response

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

No response

Hong Kong Institute of Certified Public Accountants

No response

Instituto de Auditoria Independente do Brasil

No response

Instituto Mexicano de Contadores Publicos

No response

Japanese Institute of Certified Public Accountants

No response

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

No response

Nordic Federation of Public Accountants

No response

Wirtschaftsprüferkammer

No comment.

5. Accounting Firms

Baker Tilly International

No response

CohnReznick

No response

Crowe

No response

Crowe Global

Deloitte

No response

Ernst & Young Global

No response

Forvis Mazars

No response

Grand Thornton International

No response

KPMG International

No response

MNP

No response

Moore Global Network

No response

PriceWaterhouseCoopers

No response

RSM International

No response

6. Public Sector Organizations

Government Accountability Office – United States

We do not plan to translate the ISA, so we do not have any comments regarding translation issues.

Office of the Auditor General of Canada

No response

Riksrevisionen (Swedish National Audit Office)

No response

7. Member Bodies and Other Professional Organizations

Accountancy Europe

No response

Botswana Institute of Chartered Accountants

No response

Center for Audit Quality

No response

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

No response

Chartered Accountants Ireland

No response

CPA Australia

No response

CPA Ontario Small and Medium Practices Advisory Committee

No response

Federación Argentina de Consejos Profesionales de Cs. Económicas

Federation of Accounting Professions of Thailand

No response

Fraud Advisory Panel

No response

Institute of Certified Public Accountants of Rwanda

N/A

Institute of Certified Public Accountants of Uganda

No response

Institute of Chartered Accountants in England and Wales

No response

Institute of Chartered Accountants of Ghana

No response

Institute of Chartered Accountants of Jamaica

No response

Institute of Chartered Accountants of Scotland

No response

Institute of Singapore Chartered Accountants

No response

Instituto Nacional de Contadores Públicos de Colombia

No response

Korean Institute of Certified Public Accountants

No response

Malaysian Institute of Accountants - Auditing and Assurance Standards Board

No response

Malta Institute of Accountants

No response

Pennsylvania Institute of Certified Public Accountants

No response

South African Institute of Chartered Accountants

No response

Virginia Society of Certified Public Accountants

No response

8. Academics

Accounting and Finance Association of Australia and New Zealand

No response

University of KwaZulu-Natal

No response

9. Individuals and Others

Albert Bosch

No response

Colin Semotiuk

No response

Dr. Rasha Kassem

No response

John Keyser

No response

Moises Gonzalez Mercado

No response