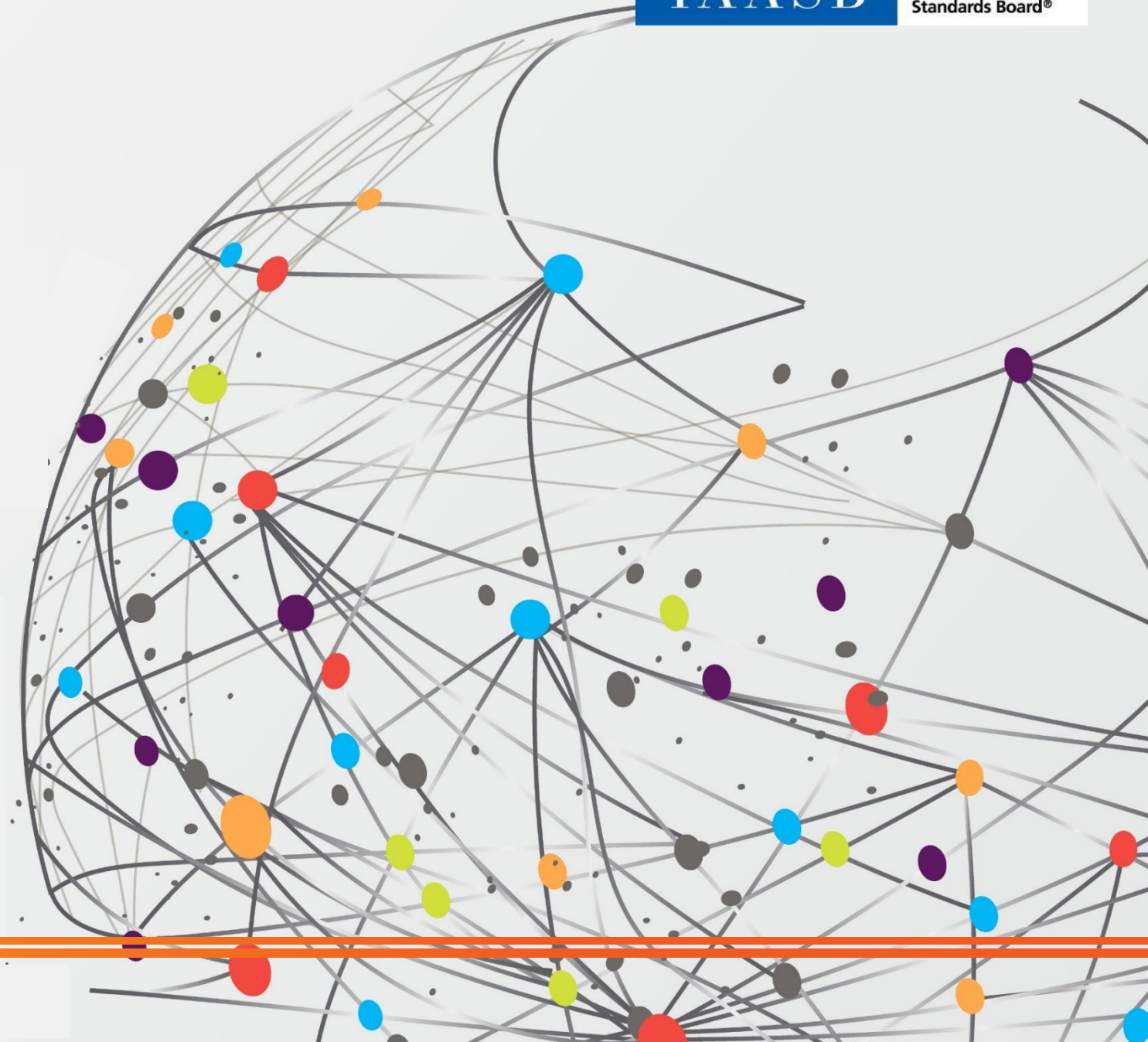


# Fraud

IAASB Meeting  
December 9-12, 2024  
**Agenda Item 10**



# Fraud Task Force and Staff



# Activities and Outreach since September 2024



## Stakeholder outreach



- IFAC's Small and Medium Practices Group (SMPAG)
- IFIAR's Standards Coordination Working Group
- IOSCO's Committee 1



## Coordination activities



- Staff of the International Ethics Standards Board for Accountants (IESBA)
- Going Concern Task Force
- Audit Evidence Task Force
- Public interest Entity Task Force

# Overarching Themes from the Responses

<b>Auditor's responsibilities relating to fraud in an audit of financial statements [Q1]</b> ✓	<b>Professional Skepticism [Q2]</b> 🚩	<b>Risk Identification and Assessment [Q3]</b> ✓	<b>Requirements for fraud or suspected fraud [Q4]</b> ✓
<b>Transparency on Fraud-Related Responsibilities and Procedures in the Auditor's Report [Q5]</b> ✓	<b>Disclosure requirements about fraud extended to entities other than listed entities [Q6]</b> 🚩	<b>Lack of a Separate Stand-back Requirement in ED-240 [Q7]</b> 🚩	<b>Scalability [Q8]</b> 🚩
<b>Linkages to Other ISAs [Q9]</b> 🚩	<b>Other Matters [Q10]</b> 🚩	<b>Translations [Q11]</b> 🚩	<b>Effective Date [Q12]</b> 🚩

- ✓ Topics discussed at the September 2024 meeting
- 🚩 Topics that will be discussed at this meeting

# Overarching Matter for IAASB Consideration

## Question 1 of the Issues Paper

The Board is asked whether it agrees with the Fraud Task Force's (Fraud TF) summary of respondents' feedback and whether there are any other significant issues raised that should also be considered.



# Walkthrough of Proposed ISA 240 (Revised)



# Introduction

## **Introductory Paragraphs** (Paragraphs in Agenda Item 10-B)

**1–15**

## **Application Material** (Paragraphs in Agenda Item 10-B)

**A1–A17**

- Scope of this ISA
- Responsibilities of the Auditor, Management and Those Charged with Governance
- Key Concepts in this ISA
- Relationship with Other ISAs

# Effective Date

**Introductory Paragraph**  
(Paragraphs in Agenda Item 10-B)

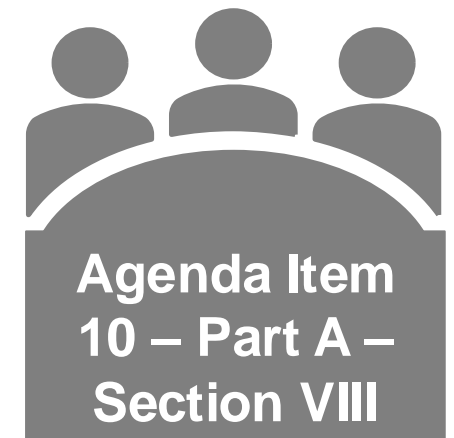
**16**

**Application Material**  
(Paragraphs in Agenda Item 10-B)

**n/a**

## Question 9 of the Issues Paper

The Board is asked for its views on the Fraud TF recommendations for the effective date.





# Objectives and Definitions

**Requirements**  
(Paragraphs in Agenda Item 10-B)

**17–18**

**Application Material**  
(Paragraphs in Agenda Item 10-B)

**A18–A23A**

- Objectives
- Definitions

# Professional Skepticism

**Requirements**  
(Paragraphs in Agenda Item 10-B)

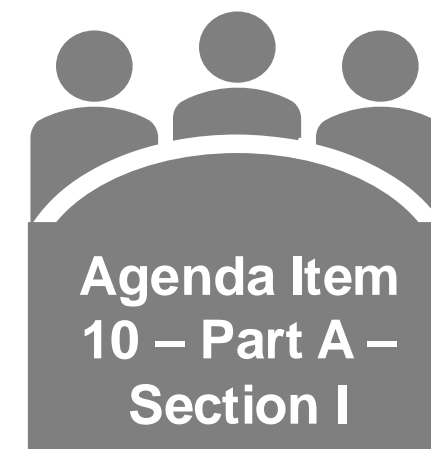
**19–21B**

**Application Material**  
(Paragraphs in Agenda Item 10-B)

**A24–A28A**

**Question 2 of the Issues Paper** - The Board is asked for its views on the Fraud TF recommendations and changes to address matters relevant to professional skepticism:

- a) Does the Board agree with the Fraud TF's views and recommendation?
- b) Regarding the matter described in paragraph 26 and 27 of the Issues Paper, does the Board agree with the Fraud TF's proposal that the matter be dealt with by the Audit Evidence Risk Response Project Team?



# Various

**Requirements**  
(Paragraphs in Agenda Item 10-B)

**22–25**

**Application Material**  
(Paragraphs in Agenda Item 10-B)

**A33–A43**

- Engagement Resources
- Engagement Performance
- Ongoing Nature of Communication with Management and Those Charged with Governance

# Risk Assessment Procedures and Related Activities

## Requirements

(Paragraphs in Agenda Item 10-B)

**26–31**

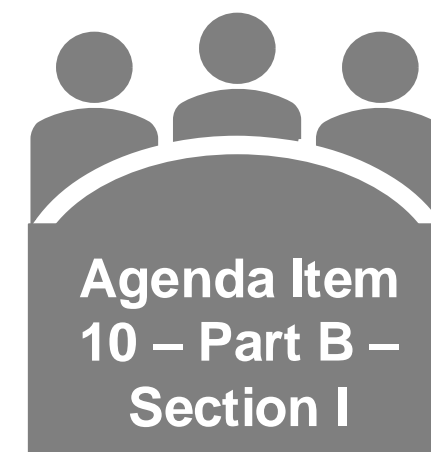
## Application Material

(Paragraphs in Agenda Item 10-B)

**A44–A54**

### Question 12 of the Issues Paper regarding Third-Party Fraud

The Board is asked for its views on the Fraud TF revisions to proposed ISA 240 (Revised) with respect to Third-Party Fraud.



# Risk Identification and Assessment

**Requirements**  
(Paragraphs in Agenda Item 10-B)

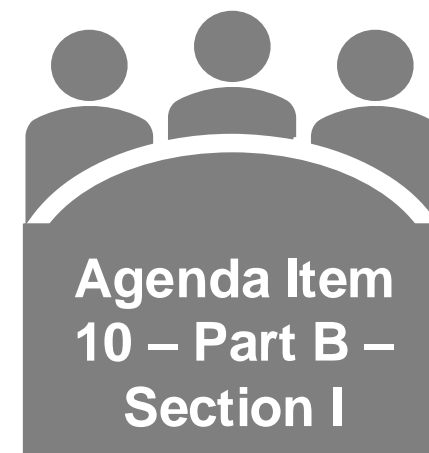
**33–39**

**Application Material**  
(Paragraphs in Agenda Item 10-B)

**A59 – A103**

## Question 10 of the Issues Paper

The Board is asked for its views on the Fraud TF revisions to proposed ISA 240 (Revised) with respect to Risk Identification and Assessment.



# Identifying & Assessing RoMMs due to Fraud

**Requirements**  
(Paragraphs in Agenda Item 10-B)

**39A–42**

**Application Material**  
(Paragraphs in Agenda Item 10-B)

**A103A–A113**

- Evaluation of Fraud Risks Factors
- Identifying and Assessing the Risks of Material Misstatement due to Fraud

# Responses to Assessed RoMMs due to Fraud

**Requirements**  
(Paragraphs in Agenda Item 10-B)

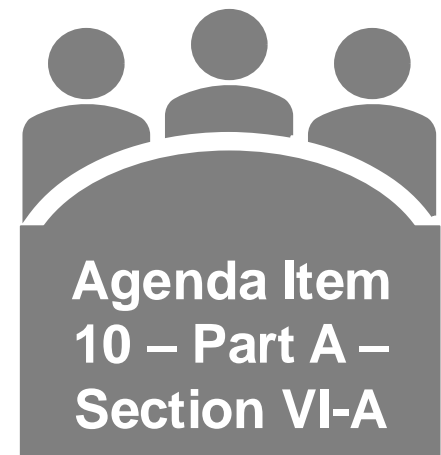
**43–54**

**Application Material**  
(Paragraphs in Agenda Item 10-B)

**A114–A143**

## Question 7 of the Issues Paper

The Board is asked for its views on the Fraud TF recommendations on responses to ROMMs due to fraud





# Fraud or Suspected Fraud

**Requirements**  
(Paragraphs in Agenda Item 10-B)

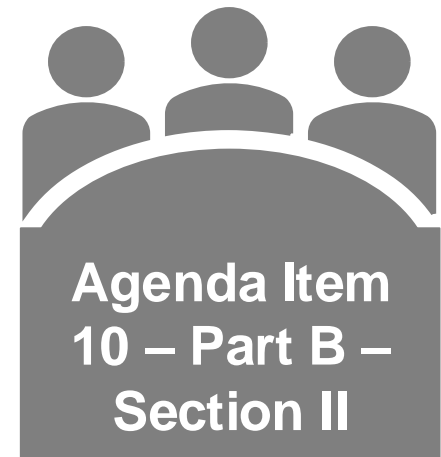
**55–58**

**Application Material**  
(Paragraphs in Agenda Item 10-B)

**A144–A157C**

## Question 11 of the Issues Paper

The Board is asked for its views on the Fraud TF revisions to proposed ISA 240 (Revised), with respect to Fraud or Suspected Fraud.



# Various

**Requirements**  
(Paragraphs in Agenda Item 10-B)

**60–65**

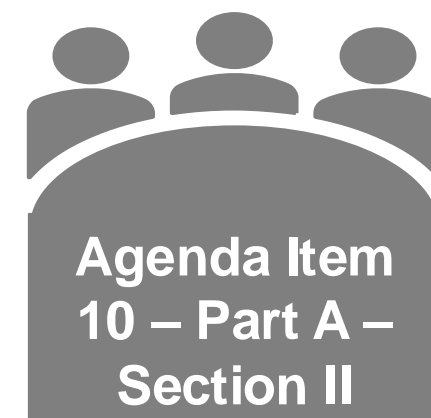
**Application Material**  
(Paragraphs in Agenda Item 10-B)

**A158–A181**

- Auditor Unable to Continue the Audit Engagement
- Auditor's Report
- Written Representations

## Question 3 of the Issues Paper Relating to Auditor's Report

The Board is asked for its views on the Fraud TF recommendations on the extension of transparency requirements about fraud to entities other than listed entities



# Remaining requirements, application material and appendices

**Requirements**  
(Paragraphs in Agenda Item 10-B)

**66–70**

**Application Material**  
(Paragraphs in Agenda Item 10-B)

**A182–A193**  
**Appendix 1–5**

- Communications with Management and Those Charged with Governance
- Reporting to an Appropriate Authority Outside the Entity
- Documentation

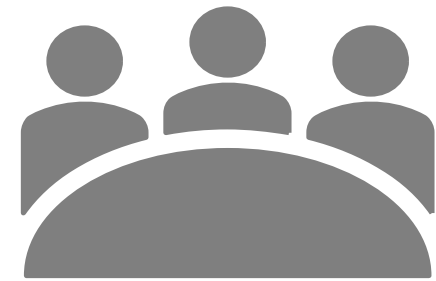
# Other Matters

# Other Matters

## Questions 4–6 and 8 of the Issues Paper

The Board is asked for its views on the Fraud TF recommendations on

- Lack of a separate stand-back requirement (**Question 4 – Part A – Section III**)
- Scalability (**Question 5 – Part A – Section IV**)
- Linkages to other ISAs (**Question 6 – Part A – Section V**)
- Translation (**Question 8 – Part A – Section VII**)



# Conforming and Consequential Amendments

# Conforming and Consequential Amendments

## Question 13 of the Issues Paper

The Board is asked for its views on conforming and consequential amendments arising from the proposed ISA 240 (Revised) as presented in **Agenda Item 10-D**.





# Fraud: Way Forward to Final Approval

- Ongoing outreach with stakeholders
- Coordination with IESBA and other IAASB task forces, consultation groups

**March 2025**

Expected approval of the final standard and the conforming and consequential amendments to other ISAs



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