

**Minutes of the 147<sup>th</sup> Meeting of the  
INTERNATIONAL AUDITING AND ASSURANCE STANDARDS BOARD (IAASB)  
Held on December 9-12, 2024, in New York, United States of America<sup>1</sup>**

**Voting Members**

Present <sup>2</sup>: Tom Seidenstein (Chair)  
Josephine Jackson (Vice-Chair)  
Sue Almond  
Sami Alshorafa  
Hernan Casinelli  
Julie Corden  
Vishal Doshi  
William Edge  
Kai Morten Hagen  
Sachiko Kai  
Edo Kienhuis  
Robert Koethner  
Prof. Warren Maroun  
Neil Morris  
Chrystelle Richard  
Greg Schollum  
Wendy Stevens  
Eric Turner

**Technical Advisors (TA)**

Helene Agélii (Mr. Hagen)  
Antoine Boitard (Ms. Richard)  
Wolf Böhm (Mr. Koethner)  
Johanna Field (Mr. Turner)  
Amy Groves (Ms. Corden)  
Rene Herman (Mr. Edge)  
Susan Jones (Mr. Morris)  
Yvette Lange<sup>V</sup> (Prof. Maroun)  
Misha Pieters (Mr. Schollum)  
Claire Revenig (Ms. Almond)  
Jamie Shannon (Mr. Kienhuis)  
Brian Wilson (Ms. Stevens)  
Fernando Zanet (Mr. Casinelli)

**Public Interest Oversight Board (PIOB) Observer**

Present: Mr. Phillipe Christelle

<sup>1</sup> The December 2024 IAASB meeting was held in-person in New York, New York, United States of America. Dial-in was made available for all sessions and the meeting was live broadcast on the IAASB YouTube channel.

<sup>2</sup> Participants were present in person, except for those marked with "V," who joined via videoconference using Zoom.

## IAASB Technical Staff

Present: Willie Botha (Program and Technical Director), Nathalie Baumgaertner Dutang, Taylor Carter-Jones, Ida Diu, Ana Espinal-Rae, Angelo Giardina, Claire Grayston, Michelle Harrison, Megan Hartman, Megan Leicht, Fadi Mansour, Isabelle Raiche, Kevin Reinhardt, Kalina Shukarova Savovska, Hankenson Jane Talatala, Jasper van den Hout, Kazuko Yoshimura, Kristie Zhang and Dan Montgomery (Senior Advisor – Technical Projects)

## Welcome and Introduction

- The IAASB Chair welcomed members, technical advisors (TAs), official observers and public observers via YouTube to the December 2024 IAASB meeting.

## Meeting Topics

- [Approval of Minutes \(Agenda Item 1\)](#)
- [Going Concern \(Agenda Item 2\)](#)
- [Listed Entity & PIE \(Agenda Item 3\)](#)
- [Technology Position – Gap Analysis \(Agenda Item 4\)](#)
- [Audit Evidence & Risk Response \(Agenda Item 5\)](#)
- [Experts Narrow Scope Amendments \(Agenda Item 6\)](#)
- [GRI Update \(Agenda Item 7\)](#)
- [ISSB Session Update \(Agenda Item 8\)](#)
- [IASB Session Update \(Agenda Item 9\)](#)
- [Fraud \(Agenda Item 10\)](#)

## Approval of Minutes (Agenda Item 1)

### Decision

1. The Board approved the minutes of the September 2024 IAASB meetings unanimously.

## Going Concern (Agenda Item 2)

### Decision

#### *Approval of ISA 570 (Revised 2024)<sup>3</sup>*

2. After presenting an updated version of proposed ISA 570 (Revised 2024) and the conforming and consequential amendments to other ISAs, the Board approved the final standard with 18 affirmative votes out of 18 Board members in attendance.
3. The Board agreed with the Going Concern Task Force's (GC TF) conclusion, as presented in [Agenda Item 2](#), that the changes made to ISA 570 (Revised 2024) since the exposure draft did not require re-exposure and unanimously voted against re-exposure.
4. The revisions made in finalizing ISA 570 (Revised 2024), which addressed Board members'

<sup>3</sup> International Standard on Auditing (ISA) 570 (Revised 2024), *Going Concern*

comments, are reflected in the approved agenda items:

- [Agenda Item 2-B.6 APPROVED](#) ISA 570 (Revised 2024).
  - [Agenda Item 2-C.3 APPROVED](#) Conforming and Consequential Amendments to Other ISAs Arising from the Revision of ISA 570 (Revised 2024).
5. The Board agreed with the GC TF's recommendation for ISA 570 (Revised 2024) to be effective for audits of financial statements for periods beginning on or after December 15, 2026.

## Directions

### *Updates to Proposed ISA 570 (Revised 2024)*

6. The following key changes to the requirements were made in finalizing ISA 570 (Revised 2024) in response to substantive comments from the Board:
- The reference to the nature and circumstance of events or conditions that may cast significant doubt on the entity's ability to continue as a going concern was removed from paragraph 19 in view of comments that it was unclear whether it related to identified events or conditions.
  - The essential material discussing the necessity to disclose a material uncertainty for the financial statements to achieve fair presentation and not to be misleading was elevated from the application material to the requirement in paragraph 33.
  - Paragraph 32 was revised to include a reference to the requirements of the applicable financial reporting framework.
  - As a consequence of the changes made to paragraph 32, the words 'if any' were reinstated in paragraph 34(b).
7. The Board directed the GC TF to leverage the Basis for Conclusions to raise stakeholder awareness about the collective changes to the auditor's report anticipated as a result of other IAASB projects that are currently considering changes to the auditor's report (i.e., the Fraud and Track 2 of the Listed entity and Public Interest Entity projects) given it is of relevance in supporting effective implementation of the collective changes contemplated by these projects.

## Other Substantial Matters

### *Due Process Considerations*

8. The IAASB Program and Technical Director confirmed that the GC TF had followed due process effectively and with proper regard for the public interest in the development of ISA 570 (Revised 2024). The IAASB agreed that significant matters identified by the GC TF as a result of its discussions since the beginning of the project have been presented in the issues papers for the IAASB's deliberation, and that there are no significant matters that have not been brought to the attention of the Board. In addition, the IAASB agreed that no further consultation (such as roundtables or further consultation with particular stakeholder groups) or field testing was needed. The IAASB Program and Technical Director advised the IAASB that it had adhered to its stated due process in finalizing the standard.

### PIOB Observer Remarks

9. Mr. Christelle congratulated the Board on the approval of ISA 570 (Revised 2024), noting that the revised standard has responded appropriately to the PIOB's public interest issues identified for the project.

### Next Steps

10. The IAASB will formally release ISA 570 (Revised 2024) after PIOB certification, which is expected by April 2025.

## Listed Entity and Public Interest Entity (PIE) – Track 2 (Agenda Item 3)

### Decisions

#### *The Proposed Narrow Scope Amendments to the ISQMs,<sup>4</sup> ISAs<sup>5</sup> and ISRE 2400 (Revised)<sup>6</sup>*

11. The Board agreed with the PIE Task Force's:
- Summary of the Board's position and rationale for pursuing Option 1 in advancing its PIE proposals, presented in [Agenda Item 3](#).
  - Summary of respondents' feedback for the remaining questions of the Exposure Draft: [Proposed Narrow Scope Amendments to the ISQMs, ISAs, and ISRE 2400 \(Revised\), as a Result of the Revisions to the Definitions of Listed Entity and public Interest Entity \(PIE\) in the IESBA Code](#),<sup>7</sup> presented in [Agenda Item 3](#).
  - Proposals to operationalize Option 1 and to address the key themes identified from the responses for the questions analyzed, including:
    - Elevating the objective and purpose for differential requirements in the introduction section of ISQM 1<sup>8</sup> and ISA 200.<sup>9</sup>
    - Adopting the definition of publicly traded entity (PTE), together with essential application material that provides that law, regulation or professional requirements can define more explicitly a publicly traded entity in a specific jurisdiction.
    - Not adopting the definition of PIE for the ISQMs and ISAs at this stage, but to include this as a factor a firm may consider.

<sup>4</sup> International Standards on Quality Management (ISQMs)

<sup>5</sup> International Standards on Auditing (ISAs)

<sup>6</sup> International Standard on Review Engagements (ISRE) 2400 (Revised), *Engagements to Review Historical Financial Statements*

<sup>7</sup> The International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*

<sup>8</sup> ISQM 1, *Quality Management for Firms That Perform Audits or Review of Financial Statements, or Other Assurance or Related Services Engagements*

<sup>9</sup> ISA 200, *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing*

- Including in ISQM 1 (for the ISQMs) and in ISA 200 (for the ISAs) a framework for use by firms or auditors in determining when it may be appropriate to apply differential requirements for audits of PTEs to other entities.
  - Amending the applicability of the differential requirements applicable to audits of listed entities to audits of PTE in the ISQMs and ISAs, including the newly approved ISA 570 (Revised 2024).
12. After considering an updated version of the narrow scope amendments for the PIE Track 2 project and further discussion of the reasons for the differences compared to the proposals that were presented in the Exposure Draft,<sup>10</sup> the Board unanimously confirmed their agreement with the content of the narrow scope amendments as its final position, subject to undertaking an additional consultation process. The “pre-final narrow scope amendments to the ISQMs, ISAs, and ISRE 2400 (Revised)” are included in [Agenda Item 3-B.2](#) and [Agenda Item 3-C.4](#).
13. The Board agreed to undertake an additional consultation process (i.e. Post-Exposure Consultation – Invitation to Comment (ITC)) to ensure stakeholders are fully aware of the Board’s position and rationale relating to the PIE Track 2 project, and the pathway to broader differential requirements.
14. The Board confirmed its commitment to revisit the adoption of the definition of PIE, aligned with the definition in the IESBA Code, and extending differential requirements to apply to audits of PIEs, when the global adoption and implementation of the IESBA definition has sufficiently matured (i.e., when more jurisdictions have adopted, appropriately refined for jurisdictional circumstances and implemented the IESBA PIE definition locally, and the nature, extent and implications of variations are clearer). It was noted that the ITC will highlight and ask a specific question about this matter and the proposed timing.

### Directions

15. The Board provided directional input and suggestions for the matters outlined below to be considered by the PIE Task Force when finalizing the proposed narrow scope amendments to the ISQMs and ISAs, including the changes to ISA 570 (Revised 2024), presented in [Agenda Items 3-A](#) and [Agenda Item 3-B](#).
- Clarify the case-by-case approach an auditor may take when determining which differential requirements applicable to audits of PTEs may be applicable to audits of other entities.
  - Revise the application material in paragraph A29A of ISA 260(Revised)<sup>11</sup> to separate the sustainability assurance fees from other fees, as a result of the approval of the International Ethics Standards for Sustainability Assurance and related revisions to the IESBA Code.
  - Revise the application material for differential requirements to clarify that auditors may apply differential requirements applicable to audits of PTEs to audits of other entities, and are not restricted to only when the auditor has determined that there is significant public interest in the financial condition of those entities.

<sup>10</sup> Exposure Draft of the IAASB PIE Track 2 Project, [Proposed narrow Scope Amendments to the ISQMs, ISAs, and ISRE 2400 \(Revised\), as a result of the Revisions to the Definitions of Listed Entity and Public Interest Entity \(PIE\) in the IESBA Code](#).

<sup>11</sup> ISA 260 (Revised), *Communication with Those Charged With Governance*

## Other Substantial Matters

### PIOB Observer Remarks

16. Mr. Christelle noted that the PIOB considered the Board's decision to pursue Option 1 as conservative but recognized the authority and autonomy of the IAASB in making this decision. Mr Christelle noted that the rationale for retaining Option 1 at this stage of the project can be understandable where sufficient explanation is given and the PIOB encouraged the IAASB to take an additional consultative step to communicate with stakeholders to ensure that the public is aware of and understands the Board's conclusion regarding the PIE project.
17. Mr. Christelle also reiterated the importance for the IESBA and IAASB to work together when developing standards to ensure consistency and alignment, which is in the public interest.

### Next Steps

18. The ITC is targeted for release for public comment in early February 2025, with a 45-day consultation period. In June 2025, the PIE Task Force will present to the Board an analysis of respondent's feedback on the ITC. Subject to the feedback received, the Board intends to approve the pre-final narrow scope amendments to the ISQMs, ISAs and ISRE 2400 (Revised).

## Technology Gap Analysis (Agenda Item 4)

### Decisions

19. The Board was asked to deliberate on both the approach taken to perform the gap analysis, as described in [Agenda Item 4](#), and the gap analysis's catalog of issues and proposed actions (Catalog) presented in [Agenda Item 4-A](#).
20. The Board broadly agreed with the approach taken to perform the gap analysis.
21. The Board also agreed with the IAASB Chair's articulation of the function of the Catalog and Technology Team as follows:
  - The Catalog is the Board's cross-functional repository for technology-related issues that have been identified by the Technology Team based on, among other things, feedback from stakeholders.
  - A benefit of the Catalog is that it allows the Board to have a cross-functional vantage point (i.e., broader than any specific project) from which to assess the merits of proposed actions to address technology-related issues, including:
    - Project-level actions: Specific actions within current or planned projects. These actions will then be further refined and executed by the respective project teams.
    - Work Plan decisions: Prioritization of projects in the IAASB's current and future Work Plans.
  - The Technology Team is accountable for keeping the Catalog current (i.e., evergreen) based on the identification of new issues as a result of the Technology Team's activities (e.g., stakeholder outreach, monitoring activities in Component 3 of the IAASB's [Technology Position](#)) that emerge as the technology landscape evolves.

- The benefit of having a dedicated Technology Team is that it allows the Board to assign accountability to the team for ensuring the Catalog's issues remain current and for monitoring progress on the Catalog's proposed actions, including progress by the applicable project teams.
- The Board retains ultimate accountability for the Catalog, including oversight of the issues listed and the actions proposed. Periodic updates (at least semi-annually or as significant changes occur) will be reviewed by the Board, ensuring transparency and strategic alignment.

## Directions

### *Directions Regarding the Catalog's Issues and Proposed Actions*

22. The Board directed the Technology Team to give further consideration whether all the issues included in the Catalog deserve to be there (e.g., whether any of them are "artificial").
23. The Board also directed the Technology Team to revisit the prioritization of the proposed actions, including revisiting the implicit assumption that every issue, even if legitimate, warrants a proposed action.
24. The following lists the theme-specific or issue-specific feedback provided by Board members:
  - *Theme 1 - Terminology:* The Board supported the proposed action described for Issue 1(a). Specifically, the Audit Evidence and Risk Response project team will evaluate the consistency and clarity of technology-related terms used in the standards and propose solutions, if applicable.
  - *Theme 2 - Conceptual Framework:* The Board directed the Technology Team to:
    - Revisit each issue, including whether the issue deserves to remain on the Catalog and how it is described.
    - Revisit the prioritization of the proposed actions.
  - *Theme 3 - Quality Management:* The Board discussion focused on the common proposed action for all three issues. Specifically, the Board directed the Technology Team to gather further information to explore the need and, if applicable, the scope, of a possible quality management project focused on technology used in engagements by:
    - Engaging with stakeholders, most notably practitioners, who have implemented ISQM 1 to understand current quality management practices.
    - Maintaining a strong focus on adopting a principle-based approach to quality management, including quality management at the firm and engagement-level.
  - *Theme 4 - Determining Whether to Use Technology-Enabled Procedures:* The Board highlighted the importance of scalability in the standards in relation to the issues within Theme 4.
  - *Theme 5 - Technologies Used by Entities:* The Board directed the Technology Team to:
    - Explore ways to leverage non-authoritative materials to share best practices with stakeholders.

- Revisit the prioritization of certain issues within Theme 5.
- **Theme 6 - Performing Technology-Enabled Procedures:** The Board directed the Technology Team to:
  - Revisit whether all the proposed actions that are within the scope of the Audit Evidence and Risk Response project are appropriately prioritized as high. Specifically, the fact that an issue is being addressed by that project team does not necessarily justify a “high” prioritization in the Catalog.
  - Conduct outreach activities with practitioners regarding documentation requirements.
- **Theme 7 - Use of Experts:** The Board requested the Technology Team to review the cross-references among issues within Theme 7.
- **Theme 8 - Professional Skepticism:** The Board broadly supported the direction taken on this theme.

## Other Substantial Matters

### *PIOB Observer Remarks*

25. Mr. Christelle acknowledged the significance of the Technology Project, expressing support for the IAASB’s technology gap analysis and commending the quality of the discussions among the Board members and Staff.
26. Mr. Christelle encouraged the Board to consider two questions:
  - What is the extent of coordination between the IAASB and IESBA to ensure alignment between the two Boards?
  - Has the Board considered the impact of technology on sustainability assurance engagements where, he noted, sustainability disclosures often involve the use of technologies, including complex information technology systems and algorithms?

### *Next Steps*

27. The Technology Team will refine the Catalog and present a full draft of “Version 1.0” of the Catalog at the March 2025 IAASB meeting.

## Audit Evidence and Risk Response (Agenda Item 5)

### Decisions

#### *Approval of the Project Proposal for the Revision of ISA 330,<sup>12</sup> ISA 500<sup>13</sup> and ISA 520<sup>14</sup>*

28. After discussing the turnaround version of the Project Proposal for the revision of ISA 330, ISA 500 and ISA 520 (the Project Proposal) as set out in [Agenda Item 5-C](#) and agreeing all necessary further

<sup>12</sup> International Standard on Auditing (ISA) 330, *The Auditor’s Responses to Assessed Risks*

<sup>13</sup> ISA 500, *Audit Evidence*

<sup>14</sup> ISA 520, *Analytical Procedures*



changes as shown in [Agenda Item 5-D](#), the IAASB voted on and unanimously approved the Project Proposal with 18 affirmative votes out of the 18 Board members present.

*Updates to the Project Proposal for the Revision of ISA 330, ISA 500 and ISA 520*

29. The following changes were made in finalizing the Project Proposal in response to substantive comments from the Board:

*Project Objectives that Support the Public Interest*

- Replaced the word “support” with “enhance” to better reflect the intended outcome of the project objective addressing the application of professional judgment and professional skepticism exercised by auditors.

*Scope – Issues and Proposed Actions*

- Updated the headings of proposed actions, where applicable, to avoid the perception that the project intends to open up standards other than ISA 330, ISA 500 and ISA 520 for significant revision beyond potential conforming and consequential amendments.
- Item #1 – Clarified that the third proposed action is about whether and, if so, how the use of automated tools and techniques (ATT) may impact the auditor’s evaluation of the sufficiency and appropriateness of audit evidence.
- Item #2 – Based on the proposals from the Fraud Task Force as set out in paragraphs 26 and 27 of the Fraud Issues paper ([Agenda Item 10](#)), added a new proposed action to explore the need for a consequential amendment to paragraph A24 of ISA 200.<sup>15</sup>
- Item #5 – Added a new proposed action to “encourage the auditor to consider the use of tests of controls to respond to assessed risks of material misstatements,” to promote consistent practice and auditor behavior with the goal to improve the quality of audit engagements.
- Item #16 – Clarified that the second proposed action is intended to include the development of “requirements or application material” that apply when the auditor designs and performs tests of details and substantive analytical procedures. Also, deleted the first bullet point from the last proposed action as it was deemed unnecessary.
- Item #17 – Moved the last bullet point in the proposed action under ISA 330 to ISA 500 as it relates to matters already dealt with in the “Proposed ISA 500 (Revised) Pre-finalization Holding Package.”

**Directions**

30. The Board provided direction on the following areas to be considered by the project team in progressing the project:
- Consider scalability when developing revisions to ISA 330, ISA 500 and ISA 520, in particular when addressing technology and internal controls, such that these standards are capable of

<sup>15</sup> ISA 200, *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing*

being appropriately applied in audits of a broad range of entities with varying circumstances.

- Consider whether certain of the identified issues may be better addressed through the development of non-authoritative materials.

## Other Substantial Matters

### PIOB Observer Remarks

31. Mr. Christelle highlighted that the PIOB continues to regard the project to revise ISA 330, ISA 500 and ISA 520 as highly relevant to the public interest because it will promote higher quality work from auditors. He noted that the PIOB appreciates and is satisfied with the way the project objectives and the proposed actions have taken into account the relevant public interest issues, including those relating to technology and internal controls.
32. Mr. Christelle asked the Board to consider the PIOB's Public Interest Issues report (published in October 2024) relating to the IAASB's projects which includes the PIOB's view about Item #2 referred to above. Specifically, the PIOB believes the retention of the first sentence of paragraph A24 in ISA 200 raises concerns about the degree of professional skepticism required of auditors across all ISAs, including when applying the requirements relating to audit evidence. Mr. Christelle appreciates that the project proposal includes a proposed action to explore this concern.

### Next Steps

33. In March 2025, the project team will present to, and discuss with, the Board certain proposed actions included in the project proposal.

## Experts Narrow-Scope Amendments (Agenda Item 6)

### Decisions

34. The Board agreed with the proposed purpose and scope of this project, as presented in [Agenda Item 6](#), for narrow-scope amendments to IAASB standards arising from revisions to the International Ethics Standards Board for Accountants' (IESBA) *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code) related to IESBA's Using the Work of an External Expert project.
35. The Board agreed with the qualitative standard-setting characteristics considered of most relevance to the proposed purpose and scope of this project, as presented in **Agenda Item 6**.

### Directions

36. The Board provided the following directional input and suggestions for this project:
  - Consider adding an application material paragraph in ISA 620 similar to paragraph A145 of ISSA 5000 to align the two standards.
  - Be mindful of learnings from other IAASB narrow-scope projects and do not underestimate the time needed and the potential complexities associated with such projects.
37. The Board had mixed views about whether the IAASB standards should address the practical issues that may arise in operationalizing the IESBA Code provisions related to using the work of an external

expert. Some Board members were of the view that additional application material in the IAASB standards or non-authoritative guidance would be helpful, while others held the view that implementation guidance would be the responsibility of IESBA.

#### Other Substantial Matters

38. Mr. Siong, IESBA Program and Senior Director, and Ms. Leung, IESBA Principal, updated the Board on IESBA's Using the Work of an External Expert project and the final revisions to the IESBA Code, which were approved by IESBA's Board the previous week.
39. IAASB members thanked Mr. Siong and Ms. Leung for the update and congratulated them on the approval.

#### PIOB Observer Remarks

40. Mr. Christelle noted that the PIOB supports this project for the alignment between the IAASB standards and the IESBA Code.

#### Next Steps

41. In March 2025, the Experts Project Team will present to the Board the project proposal for approval. In addition, the Experts Project Team will present to the Board an outline or a draft of the exposure draft. Subject to Board discussion and input, the exposure draft also could be approved in March 2025.

### Sustainability Reporting Update (Agenda Items 7 and 8)

#### Other Substantial Matters

##### *Global Sustainability Standards Board (GSSB) and Global Reporting Initiative (GRI) Update*

42. Ms. Adams, Chair of the Global Sustainability Standards Board (GSSB) and Mr. Pauwels, Director Standards at the Global Reporting Initiative (GRI), provided an update on GRI standard-setting activities, forward agenda and capacity-building activities. Ms. Adams and Mr. Pauwels responded to questions from the Board.

##### *ISSB Update*

43. Ms. Lloyd, Vice-Chair of the International Sustainability Standards Board (ISSB), provided an update on the ISSB's standard-setting activities, including the jurisdictional adoption of ISSB Standards, the implementation support for IFRS S1<sup>16</sup> and IFRS S2,<sup>17</sup> and the advancement of the ISSB's work plan. Ms. Lloyd responded to questions from the Board.

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<sup>16</sup> IFRS® Sustainability Disclosure Standard S1, *General Requirements for Disclosure of Sustainability-related Financial Information*

<sup>17</sup> IFRS® Sustainability Disclosure Standard S2, *Climate-related Disclosures*

## International Accounting Standards Board (IASB) Update (Agenda Item 9)

### Other Substantial Matters

44. Ms. Suzuki, IASB member, and Ms. Minke-Girard, technical staff of the IASB, presented an update on the IASB's activities. The presentation highlighted new requirements arising from recently completed projects, and described standard-setting, research, and maintenance projects on the IASB's work plan. They highlighted, and expressed their appreciation for, the ongoing liaison between the IASB and the IAASB through recurring touchpoints and project- or topic-specific outreach, including on Climate-Related and Other Uncertainties in the Financial Statements, and on Business Combinations—Disclosures, Goodwill and Impairment (BCDGI).
45. Ms. Suzuki and Ms. Minke-Girard engaged with questions and comments from the Board, including on the IASB's future project on Intangibles, the BCDGI project, and the liaison between the two boards relating to Going Concern.

## Fraud (Agenda Item 10)

### Decisions

46. The Board agreed with the Fraud Task Force's (Fraud TF):
  - Summary of respondents' feedback for the remaining questions of the Exposure Draft: [Proposed International Standard on Auditing 240 \(Revised\), The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements and Proposed Conforming and Consequential Amendments to Other ISAs](#) presented in [Agenda Item 10](#).
  - Proposals to address key themes identified from the responses for the questions analyzed, including:
    - The Task Force's proposals for addressing professional skepticism about matters related to fraud in proposed ISA 240 (Revised). The Board also agreed with the Task Force's proposal that a possible consequential amendment to paragraph A24 of ISA 200<sup>18</sup> is best addressed as part of the IAASB's Audit Evidence and Risk Response project.
    - Aligning the scope of the requirement regarding transparency in the auditor's report about matters related to fraud with the base requirements in ISA 701.<sup>19</sup>
    - Not including a stand-back requirement in proposed ISA 240 (Revised).<sup>20</sup>
    - Not pursuing any further revisions regarding scalability and proportionality of the standard as the feedback received has been addressed through proposed revisions regarding risk identification and assessment, and fraud and suspected fraud.

<sup>18</sup> ISA 200, *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing*

<sup>19</sup> ISA 701, *Communicating Key Audit Matters in the Independent Auditor's Report*

<sup>20</sup> ISA 240, *The Auditor's responsibilities Relating to Fraud in an Audit of Financial Statements*

- Streamlining paragraph 14 to enhance the linkages with ISA 250 (Revised).<sup>21</sup>
  - Aligning the effective date of proposed ISA 240 (Revised) with the effective dates of the IAASB's Going Concern and Listed Entity and PIE Track 2 projects. The fraud standard will be effective for audits of financial statements for periods beginning on or after December 15, 2026.
47. The Board generally agreed with the drafting as set out in proposed ISA 240 (Revised) as presented in [Agenda Item 10-B](#).

## Directions

48. The Board provided directional input and suggestions for the matters outlined below to be considered by the Fraud TF when finalizing proposed ISA 240 (Revised), as presented in [Agenda Item 10-B](#).

### *Risk Identification and Assessment*

- Consider replacing the term “fraud reporting program” with “whistleblower program” as the latter term is more commonly associated with reporting mechanisms that entities put in place to solicit the reporting of tips and complaints alleging fraud involving the entity or its employees. The Board also acknowledged that although whistleblower programs involve the reporting of tips and complaints alleging fraud, they are also used to report other matters that don't involve allegations of fraud or wrongdoing by the entity including, for example, grievances about management by disgruntled former employees.
- Clarify whether the requirement relating to the risks of material misstatement associated with management override of control exists at the financial statement level or the assertion level for classes of transactions, account balances and disclosures. The Board noted that the requirements in proposed ISA 240 (Revised) must continue to align with the foundational requirements included in ISA 315 (Revised 2019),<sup>22</sup> while being implementable and operationalizable by auditors.

### *Responses to the Assessed Risks of Material Misstatement Due to Fraud*

- Clarify the intent of the requirement in paragraph 44 of proposed ISA 240 (Revised) to address feedback from respondents that the requirement appears to suggest that the auditor must include an element of unpredictability in the selection of audit procedures when addressing all assertion-level fraud risks. The Board asked the Fraud TF to consider adding application material to paragraph 44 to further explain that the auditor must include some elements of unpredictability in an audit but does not need to modify its audit approach every year or in relation to every significant class of transactions, account balance or disclosure.

### *Alignment with Other ISAs*

- Ensure that certain requirements in proposed ISA 240 (Revised) fully align with the foundational requirements in the ISAs. Although the Board generally agreed that the revisions

<sup>21</sup> ISA 250 (Revised), *Consideration of Laws and Regulations in an Audit of Financial Statements*

<sup>22</sup> ISA 315 (Revised 2019), *Identifying and Assessing the Risks of Material Misstatement*

to ISA 240 improve the linkages to the other ISAs, the Board noted a few areas where the alignment can be enhanced, such as in paragraphs 33 and 67.

#### *Conforming and Consequential Amendments*

- Consider if additional conforming and consequential amendments are needed to ISA 600 (Revised)<sup>23</sup> to deal with the significant revisions proposed to the fraud and suspected fraud suite of requirements (i.e., paragraph 55–58) of proposed ISA 240 (Revised).

### **Other Substantial Matters**

#### *PIOB Observer Remarks*

49. Mr. Christelle thanked the Board for the discussion on proposed ISA 240 (Revised) and the efforts by the Board to enhance the performance requirements of this standard. While directionally supportive of the proposals made by the Fraud TF, he noted that the application material related to professional skepticism overemphasizes what the auditor is not responsible for pertaining to fraud in an audit of financial statements. In addition, Mr. Christelle supported the Board's decision to consider the appropriateness of a possible consequential amendment to paragraph A24 of ISA 200 as part of the Audit Evidence and Risk Response project and not as part of the project to revise ISA 240.

#### *Next Steps*

50. In March 2025, the Fraud TF will present to the Board an updated version of proposed ISA 240 (Revised) and conforming and consequential amendments to the other ISAs. In addition, the Board will be asked to approve the revised fraud standard. The Fraud TF will continue liaising with IESBA and the IAASB's Consultation Groups on technology and professional skepticism, and will continue its outreach with key stakeholders.

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<sup>23</sup> ISA 600 (Revised), *Special Considerations – Audits of Group Financial Statements (Including the Work of Component Auditors)*