

## **Fraud – Question 12**

**12. Given the need for national due process and translation, as applicable, and the need to coordinate effective dates with the Going Concern project and the Listed Entity and PIE – Track 2 project, the IAASB believes that an appropriate effective date for the standard would be for financial reporting periods beginning approximately 18 months after approval of the final standard. Earlier application would be permitted and encouraged. Would this provide a sufficient period to support effective implementation of the ISA?**

### **Q12 Agree**

#### **3. Regulators and Audit Oversight Authorities**

##### **Botswana Accountancy Oversight Authority**

We agree that the 18 months period after the approval of the final standard would be sufficient.

##### **Committee of European Auditing Oversight Bodies**

We support the IAASB's proposed effective date.

##### **Financial Reporting Council – United Kingdom**

We agree the proposals for the effective date. Permitting and encouraging early adoption is particularly important.

##### **Irish Auditing & Accounting Supervisory Authority**

We support the IAASB's proposed effective date.

#### **4. Jurisdictional and National Auditing Standard Setters**

##### **Instituto Mexicano de Contadores Publicos**

We agree.

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

We support the proposed effective date.

##### **Royal Dutch Institute of Chartered Accountants**

We support the proposed timeline.

#### **5. Accounting Firms**

##### **BDO International**

We would support an Effective Date which has a minimum of 18 months from the point at which the final ISA is published. Although many firms may choose to adopt the new standard earlier, this timeframe would allow sufficient time for many audit firms' methodologies, tools, guidance, and training materials to be implemented.

##### **KPMG International**

We believe the effective date proposed would provide a sufficient period to support effective implementation of the ISA.

### **Moore Global Network**

We agree with the IAASB that 18 months after approval of the final standard is an appropriate effective date and would provide a sufficient period to support the effective implementation of this revised ISA, but it should be aligned to the Going Concern project.

### **PriceWaterhouseCoopers**

Acknowledging the overlapping changes to the auditor's report being proposed in the IAASB's Going Concern and the Listed Entity and PIE – Track 2 projects, we agree in principle with the proposal to align the effective dates of all three projects.

Assuming that the approval of each project occurs between December 2024 and March 2025, we support an effective date for periods beginning on or after 15 December 2026. This timeline is sufficient for jurisdictions to implement the suite of changes resulting from these projects. By synchronizing the updates to ISA 700 (Revised), this will reduce quality risks resulting from piecemeal updates over multiple reporting periods (when also accounting for the revisions necessary under the Listed Entity and PIE – Track 1 revisions that apply for December 2025 year ends).

### **RSM International**

We agree with the alignment of the effective date with the listed entity and PIE – track 2 and going concern projects, given these projects are also considering possible revisions to the auditor's report to enhance transparency. We believe it is in the public interest to make all the revisions to the auditor's report at the same time, to assist auditors with a consistent implementation of the changes as well as providing clarity to users in their understanding of the changes.

### **SRA**

We support the proposed timeline.

## **6. Public Sector Organizations**

### **Office of the Auditor General of Canada**

Considering both ED-240 and ED-570 propose changes to the auditor's report, with the common objective to enhance its transparency, we believe it is appropriate to align the effective dates of these standards and absorb the impact to the auditor's report once. We believe enhancing transparency in the auditor's report once instead of piecemeal will reduce complexities for the users but also for auditors. We believe the implementation period is reasonable drawing from past implementation periods of standards that have undergone substantial revisions such as ISA 315.

We consider the proposed effective date of financial reporting periods beginning at least 18 months after the approval of the final ISA appropriately reflects the significance of revisions being proposed.

### **Office of the Auditor General of Ontario**

We agree with the proposed timelines.

### **Provincial Auditor Saskatchewan**

Yes, this would provide a sufficient period to support effective implementation of the ISA.

### **Riksrevisionen (Swedish National Audit Office)**

Yes.

## **7. Member Bodies and Other Professional Organizations**

### **Botswana Institute of Chartered Accountants**

The agree that the effective date for the standard would be for financial reporting periods beginning approximately 18 months after approval of the final standard with earlier application permitted and encouraged as this will provide sufficient period for implementation of the ISA.

### **Chamber of Auditors of the Czech Republic**

The provided period is sufficient.

### **Chartered Accountants Ireland**

We believe that an effective date that easily aligns to a calendar year end would be helpful.

### **CPA Ontario Small and Medium Practices Advisory Committee**

The IAASB's proposal to set an effective date for the new standards in ED-240 approximately 18 months after the final standard's approval, while allowing and encouraging earlier application, appears to strike a reasonable balance between giving firms enough time to prepare and the perceived urgency of implementing enhanced fraud detection measures.

### **Institute of Certified Public Accountants of Uganda**

We agree that the proposed effective date for the standard would provide a sufficient period to support the effective implementation of the ISA.

### **Institute of Chartered Accountants in England and Wales**

Providing the Fraud, Going Concern and Listed Entity projects are delivered as a package, ICAEW has no objection to the effective date. 18 months from approval to effective date should give firms sufficient time to address the proposed changes.

### **Institute of Chartered Accountants of Ghana**

Giving 18 months after the approval of the standard is long enough to allow for adequate preparation for full implementation of the standard. Allowing for earlier adoption is also appropriate.

### **Institute of Chartered Accountants of Jamaica**

We are in agreement that 18 months after approval of the final standard is appropriate.

### **Institute of Chartered Accountants of Scotland**

Yes, we believe that the proposed effective date would provide sufficient time to support effective implementation of the ISA.

### **Instituto Nacional de Contadores Públicos de Colombia**

Yes, it would provide a sufficient period.

### **Malaysian Institute of Accountants - Auditing and Assurance Standards Board**

Acknowledging the overlapping changes to the auditor's report being proposed in the IAASB's Going Concern and the Listed Entity and PIE – Track 2 projects, we agree in principle with the proposal to align the effective dates of all three projects.

### **Malaysian Institute of Certified Public Accountants**

We agree that an appropriate effective date for the standard would be for financial reporting periods beginning approximately 18 months after approval of the final standard.

### **South African Institute of Chartered Accountants**

The lead time of 18 months is fair, considering the extent of the proposed changes. A shorter period would not provide enough time to adjust methodologies and processes.

## **8. Academics**

### **University of KwaZulu-Natal**

This proposition is supported, thank you.

## **9. Individuals and Others**

### **Moises Gonzalez Mercado**

I agree to period. Is sufficient.

## **Q12 Agree with comments**

### **1. Monitoring Group**

#### **International Organization of Securities Commission**

We support the IAASB's coordination with other IAASB Task Forces and consideration of the timing of other projects, including the Going Concern project and the Listed Entity and PIE – Track 2 project. We believe the IAASB should consult with stakeholders, including investors and other users of the auditor's report on the proposed effective dates of various projects that may be contemplated to occur at the same time. With this in mind, it may be useful for the Board to monitor, as part of its post-implementation review, any challenges or unintended consequences as a result of effective dates occurring at the same time for several related projects.

### **2. Investors and Analysts**

#### **CFA Institute**

We always support the earliest possible adoption of new standards so that investors can benefit from new protections as soon as possible. Fraud is of paramount concern for investors; we do not support delaying the effective date of ED-240 for other projects.

#### **Eumedion**

There might be a slight delay of for example two or three months in the final pronouncement. Committing to an effective date 18 months after approval of the final pronouncement, might risk the need to shift the effective date by a complete year. We suggest that the IAASB instead commits to an effective date per the 31st of December 2026.

### **4. Jurisdictional and National Auditing Standard Setters**

#### **American Institute of Certified Public Accountants**

articulated in our PIE comment letters (track 1 and track 2), we emphasize the necessity to evaluate the cumulative effect of the proposed revisions to the auditor's report.

As recommended in question 5 above, we encourage the IAASB to undertake a project to holistically evaluate the cumulative impact and usefulness of all proposed changes to the auditor's report (i.e., fraud project, Going Concern project and the Listed Entity and PIE – Track 2 project.) One of the more effective ways of doing this is to work with experts who can assist the IAASB with performing a “controlled language experiment” to evaluate the potential effects of the proposed changes in the auditor's report. This outreach will provide important insights into whether the proposed changes are likely to achieve their intended objectives and can help to inform effective dates. The ASB has gained significant experience with this type of research over the past year and we would be pleased to share our experiences with the IAASB.

As articulated in our PIE comment letters (track 1 and track 2), we emphasize the necessity to evaluate the cumulative effect of the proposed revisions to the auditor's report.

As recommended in question 5 above, we encourage the IAASB to undertake a project to holistically evaluate the cumulative impact and usefulness of all proposed changes to the auditor's report (i.e., fraud project, Going Concern project and the Listed Entity and PIE – Track 2 project.) One of the more effective ways of doing this is to work with experts who can assist the IAASB with performing a “controlled language experiment” to evaluate the potential effects of the proposed changes in the auditor's report. This outreach will provide important insights into whether the proposed changes are likely to achieve their intended objectives and can help to inform effective dates. The ASB has gained significant experience with this type of research over the past year and we would be pleased to share our experiences with the IAASB.

#### **Austrian Chamber of Tax Advisors and Public Accountants**

While we have not noted any flaws or needs to comment, we believe that the effective date should be long enough after the publication of an ISA 240 Revised to ensure a proper transition even in jurisdictions where endorsements through authorities or potentially even legal proceedings are required.

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

Considering that all these projects are impacting the auditor's report, we think it is essential to coordinate effective dates with the PIE and going concern projects.

#### **Instituto de Auditoria Independente do Brasil**

We believe that the effective date should be considered, 18-months, at a minimum, between approval of the final standard and the effective date.

#### **Nordic Federation of Public Accountants**

We support coordinating the effective dates of the revised ISA 240 with both the Going Concern project and the PIE - Track 2 project. When the final versions of these projects have been approved, and given that this coordination requires more time for national due process, translation and training, we urge the IAASB to consider if 18 months remains most appropriate or if more time is needed.

### **5. Accounting Firms**

#### **CohnReznick**

We support IAASB's planned effective date and believe that it would provide a reasonable timeframe for auditors to implement and adopt ED-240 itself. However, accounting firms may experience implementation and adoption challenges because of the need to update their methodologies and training programs to reflect

any fraud-related changes from other standard setters (e.g., the US Public Company Accounting Oversight Board and its noncompliance with laws and regulations (NOCLAR) project).

#### **Crowe**

We agree with the need to consider the effective dates of other related projects of the IAASB and other standard-setters, including in the areas of fraud and noncompliance with laws and regulations, in addition to the noted areas of going concern and listed entity/PIE. Effective dates should be aligned to allow for efficient implementation of changes in standards that address similar or related topics.

#### **Deloitte**

We believe that the effective date should be for audits beginning after December 15 of a given year that allows 18 months, at a minimum, between the approval of the final standard and the effective date.

#### **Ernst & Young Global**

We believe that an effective date for periods beginning on or after 15 December 2026 would provide a sufficient period to support effective implementation if the final revised ISA 240 is approved as targeted in March 2025.

Should the approval date be deferred and occur later than June 2025, we believe that an effective date of audits of periods beginning on or after 15 December 2027 may be more appropriate.

#### **Forvis Mazars**

We agree with the need to coordinate the effective dates of the Fraud, Going Concern and Listed Entity projects and do not object to the proposed effective date.

#### **Grand Thornton International**

We agree that it is in the public interest to align the effective dates for ED-240 with the effective dates for the going concern and PIE Track 2 projects. We believe early adoption of ED-240 should be tied to early adoption of both ISA 570 (Revised) and the narrow scope amendments from the PIE Track 2 project to prevent piecemeal adoption of standards impacting the auditor's report.

### **6. Public Sector Organizations**

#### **Government Accountability Office – United States**

There are numerous IAASB projects under way that will require national standard setters to update their standards, which will then require audit organizations to make corresponding changes in their audit programs and report templates. We suggest that the IAASB consider the projected completion dates for each project and the collective implementation efforts that these projects will entail when determining the appropriate implementation period. We agree with permitting and encouraging earlier application of the final standards, as this will permit an audit organization to align implementation with its existing engagement and quality management cycles.

### **7. Member Bodies and Other Professional Organizations**

#### **ASEAN Federation of Accountants**

In principle, the effective date should be aligned with the effective dates of all three projects.

### **Asociacion Interamericana de Contabilidad**

Yes, we believe it is relevant to coordinate effective dates with the Going Concern, and Listed Entity projects and the PIE - Track 2 project. We agree with the IAASB that an appropriate effective date for the standard would be for financial reporting periods beginning approximately 18 months after the approval of the final standard and we believe that such a period will be sufficient to achieve effective implementation of the ISA, proposals that we fully support.

Although perhaps it could be 24-month period, considering the impact this revision of ISAs would have on the auditor's report and its interactions with other standards.

### **Center for Audit Quality**

We believe that the effective date suggested by the IAASB would provide a reasonable timeframe for auditors to implement and adopt ED-240 itself. However, we anticipate that amended standards in the areas of fraud and noncompliance with laws and regulations will likely be adopted by other standard setters in the near future and could have effective dates within a similar or slightly lagging timeframe. We believe that the implementation and adoption by audit firms of multiple auditing standards addressing the same/related topic(s) would be most successful if it can occur at the same time, and we encourage the IAASB to take such potential events into consideration as they finalize the effective date of ED-240.

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

According to the feedback received, our stakeholders recognise the importance of coordinating the effective dates with the Going Concern and Listed Entity and PIE – Track 2 projects. While on balance we support an effective date for financial reporting periods beginning approximately 18 months after approval of the final standard, we did receive some concerns particularly from the SMP community suggesting 24 months after the approval of the final standard. The rationale behind those comments is that SMPs are still struggling with the implementation of ISA 315 (Revised) and the Quality Management Standards. Stakeholders also flagged that ISSA 5000 is also coming in the near future and hence this should be factored in.

### **Institute of Certified Public Accountants of Rwanda**

18 months appears to be sufficient period to support effective implementation of the standard.

## **9. Individuals and Others**

### **Altaf Noor Ali Chartered Accountants**

R12. ED240 is a fine effort; shorten the process by six months. However, we will rest the matter with the better judgement of the Board.

The reason for our suggestion is as follows-

12.1 In Pakistan, the ISAs are notified by the Securities and Exchange Commission of Pakistan to become a part of the law at the recommendation of the Institute of Chartered Accountants of Pakistan. The process pushes the effective date by six months at minimum.

12.2 We hope to see in near future that the ISA-240 reporting of fraud in the auditor's report is applied to all entities, not only listed and the public interest entities.

## **Q12 Disagree**

### **2. Investors and Analysts**

#### **Corporate Reporting Users' Forum**

We do not have any particular comment on the effective date.

But one member suggests that the IAASB instead commits to an effective date for the period ending 31st of December 2027, because there might be a slight delay of for example two or three months in the final pronouncement and committing to an effective date 18 months after approval of the final pronouncement, might risk the need to shift the effective date by a complete year.

We encourage the IAASB to carefully schedule the post implementation review of ISA240 (revised 2024), by considering circumstances of those jurisdictions which would apply it later than the effective date of the revised standard.

### **4. Jurisdictional and National Auditing Standard Setters**

#### **Auditing and Assurance Standards Board Canada**

Alignment of Going Concern and Fraud project

We recognize that the coordination of the effective dates for both the Going Concern and Fraud projects is intended in response to the proposed changes to the auditor's report. However, as mentioned in our response to Question 5, we have significant concerns about the audit report transparency proposals.

We also heard concerns about the impact of revisions to multiple standards coming into effect at the same time. These concerns were expressed by auditors (particularly those in the small-medium sized practices) as well as those who create training and methodology to implement new and revised standards.

Based on our jurisdiction's implementation experience with ISA 315 (Revised 2019) and the Quality Management standards, we understand there are significant challenges in ensuring high-quality and effective implementation of new and revised standards when the implementation periods overlap. This was further evidenced when we reflected on practice inspection findings for these standards in our jurisdiction. Although it is acknowledged that the changes to the revised standards for ED-240 and ISA 570, Going Concern will not be as extensive as those for ISA 315 (Revised 2019) and the Quality Management standards, auditors, especially those in small-medium sized practices, face a significant resourcing challenge to support the implementation of more than one revised standard at a time.

Suggest:

Following comments received on exposure, if the proposed changes to the auditor's report in ED-240 are revisited and there is no longer a new requirement that impacts the auditor's report in ED-240, we believe the effective date of the revised ISA 570 and ISA 240 standards should be staggered (i.e., ISA 570 – December 15, 2026, and ISA 240 – December 15, 2027).

This will also avoid the IAASB having three standards (i.e. ISA 570, ISA 240 and ISSA 5000, General Requirements for Sustainability Assurance Engagements) with overlapping proposed effective dates.

We recognize the public interest benefits of timely implementation of standards revisions. We believe this benefit is fully realized when an implementation period appropriately balances the need for:

timely adoption of the improved standards; and



sufficient time for a high-quality implementation by practitioners, which includes education and updates to methodologies on the changes.

Through our outreach, we heard the following concerns regarding the proposed effective date:

18-month implementation period

An 18-month implementation period creates time pressure, making it challenging to ensure there is sufficient time for:

developers of methodologies and training to effectively understand and reflect the changes or develop new materials; and

practitioners to understand and apply the changes to their engagements, including applying professional judgment to consider how to appropriately scale the requirements.

Furthermore, in Canada, after the IAASB's final pronouncement, the AASB undergoes its final due process steps to adopt ISA 240 concurrently as a Canadian Auditing Standard and translate the standard. This process shortens the IAASB's implementation period by approx. 3-5 months for Canadian practitioners and practitioners in other jurisdictions who rely on our French translation.

Allowing for a longer implementation period would help to alleviate some of the time pressure, ensuring the effective implementation of the IAASB's standard. Additionally, as the effective date allows for earlier application, those jurisdictions who desire to do so could choose to adopt the final standard earlier.

Suggest:

Allowing for a longer implementation period.

Assuming the IAASB approves the final standard in March 2025, make the standard effective for financial reporting periods beginning December 15, 2027.

#### **Institut der Wirtschaftsprüfer in Deutschland**

See comments on effective date below

Given the need for jurisdictions to translate, adopt, and potentially adapt, the standard, the need to provide implementation guidance and training to practitioners and regulators, and the fact that early application of standards that have been issued is permitted, we believe that a (mandatory) effective date should be at least 24 months from the date the standard is issued.

#### **5. Accounting Firms**

##### **MNP**

The rate of changes to auditing and accounting standards is significant, and while larger assurance firms can accommodate, implement, and develop their own training for changes, smaller and medium sized practitioners have less resources to properly equip themselves. We encourage the IAASB to consider smaller and medium sized practitioners when determining the effective dates of new standards. We suggest staggering the effective dates (i.e., move the ISA 240 effective date to one year beyond the effective date for ISA 570) between the revisions to ISA 240 and ISA 570 in order to provide some relief for all practitioners.

## 7. Member Bodies and Other Professional Organizations

### Accountancy Europe

The effective date of the revised ISA 240 should be determined together with the Going Concern and the Listed Entity and PIE – Track 2 projects. We believe that 24 months would be an appropriate time to allow implementation, including translations.

### California Society of Certified Public Accountants

18 months might not be enough time for all translations to their country's language and national due process. We would recommend 18 months after all the local adoptions and translations have been concluded.

### European Federation of Accountants and Auditors for SMEs

We believe an effective date 18 months after approval of the final standard may not be ideal. Many European countries will need to translate and make some adjustments to align with local law. Audit firms, especially SMPs, will need time to implement including training staff and updating their methodology and approach. Furthermore, alignment of the effective date with ISA 570 revisions will be beneficial to users of the standard. Consequently, a 24-month period would be favorable, and may be especially useful for SMPs in allowing extra time to implement the standard.

### Institute of Singapore Chartered Accountants

If IAASB's intention is to coordinate the effective dates with the revisions to other ISAs (including on going concern), we anticipate that more time is required (at least 36 months) to facilitate proper implementation, taking into consideration potential engagement with regulators to review and update laws and regulations (for e.g. those surrounding responsibilities and reporting requirements of those charged with governance) as well as outreach activities to raise awareness amongst other stakeholders.

### International Federation of Accountants

We believe alignment of the effective date with ISA 570 revisions will be beneficial to users of the standard, but an 18-month period after approval of the final standard may be problematic. In certain jurisdictions there will be a need to consider both translation and local amendments or add-ons following the final pronouncement. The process of local adjustments requires its own consultation process in many jurisdictions and as such if this process takes some time to complete, the firms who will ultimately be implementing may not have sufficient time to carry out any required training or amendment to their methodology and approach that may result from changes. Consequently, a 24-month period would be favorable, and may be especially useful for SMPs in allowing extra time to implement the standard. In terms of both translations and local considerations, the IAASB should be aware that due to the level of standards creation and amendment activity in recent years there will also be many other projects that would require attention at the PAO, regulatory and firm level. Past experiences with implementation of standards at the same time, for instance ISA 315 (Revised 2019) and the ISQM standards proved challenging, and allowing additional time may help to relieve some of the time pressure that may otherwise result.

### Pennsylvania Institute of Certified Public Accountants

If changes are made to the key audit matters as proposed, the committee believes that additional time will be needed to educate clients and establish a communication mechanism for clients to communicate fraud risks, internal control deficiencies, etc. so that the auditor will not be divulging confidential information in the auditor's report.

**Q12 No specific comments**

**1. Monitoring Group**

**International Forum of Independent Audit Regulators**

**3. Regulators and Audit Oversight Authorities**

**Canadian Public Accountability Board**

**European Securities and Markets Authority**

**Independent Regulatory Board for Auditors – South Africa**

No response

**Securities and Exchange Commission of Brazil**

No response

**4. Jurisdictional and National Auditing Standard Setters**

**Australian Auditing and Assurance Standards Board**

No response

**Hong Kong Institute of Certified Public Accountants**

No response

**Japanese Institute of Certified Public Accountants**

No response

**Saudi Organization for Chartered and Professional Accountants**

No response

**Wirtschaftsprüferkammer**

No comment.

**5. Accounting Firms**

**Baker Tilly International**

No response

**Crowe Global**

We have no other matters.

**7. Member Bodies and Other Professional Organizations**

**CPA Australia**

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 Chartered Accountants of Sri Lanka**

No response

**Korean Institute of Certified Public Accountants**

No response

**Malta Institute of Accountants**

No response

**Pan-African Federation of Accountants**

No response

**Virginia Society of Certified Public Accountants**

No response

**8. Academics**

**Accounting and Finance Association of Australia and New Zealand**

No response

**9. Individuals and Others**

**Albert Bosch**

No response

**Colin Semotiuk**

No response

**Dr. Rasha Kassem**

No response

**John Keyser**

No response