



7 February 2024

To: **Members of the Hong Kong Institute of CPAs**  
**All other interested parties**

**INVITATION TO COMMENT ON INTERNATIONAL AUDITING AND ASSURANCE  
STANDARDS BOARD'S (IAASB)**

***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***

***Comments to be received by 5 May 2024***

The Hong Kong Institute of Certified Public Accountants' (Institute) Auditing and Assurance Standards Committee is seeking comments on the IAASB's Exposure Draft (ED) on 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*.

Recent corporate failures throughout the world have underscored the benefits of clarifying and enhancing the role of auditors in responding to fraud and suspected fraud as a means of enhancing public trust in financial reporting. These proposed revisions significantly strengthen the IAASB's standard on auditors' responsibilities related to fraud by defining the expectations in relation to fraud, delineating more robust procedures, and increasing transparency about the auditors' responsibilities and fraud-related procedures in the auditor's report.

Key proposed revisions include:

- Clarified auditor responsibilities relating to fraud in an audit.
- Emphasized professional skepticism to ensure auditors remain alert to possible fraud and exercise professional skepticism throughout an audit.
- Strengthened identification and assessment of risks of material misstatement due to fraud.
- Clarified response to fraud or suspected fraud identified during the audit.
- Increased ongoing communication with management and those charged with governance about fraud.
- Increased transparency about auditors' responsibilities and fraud-related procedures in the auditor's report.
- Enhanced audit documentation requirements about fraud-related procedures.

The ED should be read along with the Explanatory Memorandum (EM) that accompanies it which have been posted on the Institute's website at: <https://www.hkicpa.org.hk/en/Standards-setting/Standards/Open-for-comment-documents/Auditing-and-Assurance>

Questions for respondents have been included in Section 2 of the EM to solicit specific feedback on the proposed amendments.



Hong Kong Institute of  
**Certified Public Accountants**  
香港會計師公會

In accordance with the Institute's due process, comments are invited from any interested party and the Institute would like to hear from both those who do agree and those who do not agree with the contents of the ED.

Comments should be supported by specific reasoning and should be submitted in written form.

To allow your comments on the ED to be considered, comments are requested by the due date shown above.

Comments may be sent by mail, fax or e-mail to:

Standard Setting Department  
Hong Kong Institute of Certified Public Accountants  
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213 Queen's Road East  
Hong Kong

Fax number (+852) 2865 6603

E-mail: [commentletters@hki CPA.org.hk](mailto:commentletters@hki CPA.org.hk)

Comments will be acknowledged and may be made available for public review unless otherwise requested by the contributor.