



16 October 2020

To: Preparers, investors, practitioners, regulators and other interested parties

Roundtable discussion: 20 November 2020
IAASB DISCUSSION PAPER

***Fraud and Going Concern in an Audit of Financial Statements:
Exploring the Differences Between Public Perceptions About the Role of the Auditor
and the Auditor's Responsibilities in a Financial Statement Audit***

A number of corporate failure and scandals across the globe in recent years have sparked debates between stakeholders in questioning the responsibilities of different participants in the financial ecosystem. As a result, the role and responsibilities of the auditor regarding fraud and going concern in an audit of financial statement received heightened public attention. Many commenters suggested that there is a continuing expectation gap between what users expect from the auditor and the financial statements audit and the reality of what an audit is. Have you noted such an expectation gap in your daily work? What could be done to narrow such an expectation gap? Should there be enhanced or more requirements with regard to fraud and going concern in an audit of financial statement?

Issues related to fraud and going concern are consistently raised as areas requiring attention and potential improvement in order to enhance public confidence in audits, especially amplified by high-profile corporate failure and scandals. To respond to concerns raised by stakeholders and address the crisis of confidence in financial reporting, the International Auditing and Assurance Standards Board (IAASB) has published a [Discussion Paper](#) with questions to seek comment and possible high level improvement alternatives. For example, the IAASB is seeking comments on:

- What is the main cause of the expectation gap relating to fraud and going concern in an audit of financial statement? What could be done to narrow the expectation gap?;
- Should the auditor have enhanced or more requirement with regard to fraud and going concern in an audit of financial statement and what areas? Do you believe more transparency is needed about the auditor's work in relation to fraud and going concern in an audit of financial statement and what additional information is needed and how should this information be communicated?; and
- Other matters that IAASB should be considered for its work on fraud and going concern in an audit of financial statement.

The Hong Kong Institute of Certified Public Accountants invites you to a roundtable to share your views on the above.

Your views are important to us in providing feedback to the IAASB. If you would like to express your views on these topics and future auditing changes, please join our roundtable discussion. Representatives from the Auditing and Assurance Standards Committee of the Institute and the IAASB will join the roundtable, and hence this is an excellent opportunity to communicate directly with local and international standard setters.

Details of the roundtable

Date: 20 November 2020, Friday

Time: 4:00 pm – 6:00 pm

Venue*: HKICPA Boardroom, 37/F, Wu Chung House,
213 Queen's Road East, Wanchai, Hong Kong



*In view of the uncertainty of the COVID-19 pandemic, we may provide the option to join via online tools if necessary.

To register, please click the following link and reserve by **13 November 2020**:
<https://survey3.hkicpa.org.hk/index.php?r=survey/index&sid=917412&lang=en>

If you cannot attend the roundtable but would like to provide your comments on the IAASB's Discussion Paper, please refer to the [Invitation to comment on the Discussion Paper](#) and email us at commentletters@hkicpa.org.hk by 11 December 2020. Comments will be acknowledged and may be made available for public review unless otherwise requested by the contributor.