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Date
29/01/2021

Dear Chairman,

Re: IAASB Discussion Paper on Fraud and Going Concern in an Audit of Financial Statements

The Belgian Institute of Registered Auditors (IBR-IRE) welcomes the opportunity to comment on the role of the auditor in relation to fraud and going concern in an audit of financial statements.

Although we will not address the different questions in the Discussion Paper, IBR-IRE would like to highlight a few points important to us.

We welcome the discussion on the enhancement of the role of the auditor in relation to fraud and going concern in an audit as well as on the relevance and the societal role of the auditors. However, we would like to emphasize the importance of following a holistic approach that considers the roles of all parties involved in the financial reporting process (board of directors, audit committee, management, internal audit, auditor, etc.) when doing this. The followed approach should be cohesive as a lack of cohesion creates the risk of further increasing the expectation gap in these two areas.

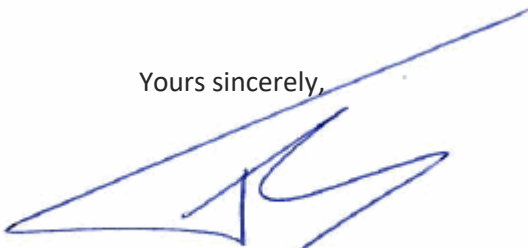
We believe it is essential to develop principles and responsibilities, not only applicable to the auditor, but also enhancing the responsibilities of management, the board and the audit committee in accordance with the applicable framework. With respect to going concern, the financial reporting frameworks should also evolve to enhance the informational value of any disclosure provided. In the context of non-public interest entities and particularly of less complex entities (LCE), this will ask a certain level of (financial) knowledge of the members of the board of directors and of management.

In addressing the question to what extent there should be more transparency in the audit report, we agree that when the auditor provides more information within the auditor's report, users would better understand what the auditor did or the outcomes of certain procedures. However, this may not lead to a piecemeal opinion. The focus of the audit report should remain the true and fair view of the financial statements as a whole. Any additional information should not distract of this primary objective.

In terms of approach, introducing the concept of a “suspicious mindset” does not appear to be useful or practical and might not address the expectation gap adequately. Instead, building on the existing concept of professional scepticism would be more effective.

We hope you find these comments constructive and helpful. If you have any questions regarding these comments, please contact Ms. Inge VANBEVEREN, Head of Professional Expertise and Standards (i.vanbeveren@ibr-ire.be).

Yours sincerely,



Tom MEULEMAN
Chairman