MALAYSIAN INSTITUTE OF ACCOUNTANTS

1 February 2021

Mr. Willie Botha
Technical Director
International Auditing and Assurance Standards Board
International Federation of Accountants
529 Fifth Avenue, 6th Floor
New York, 10017 USA

Dear Willie,

INTERNATIONAL AUDITING AND ASSURANCE STANDARDS BOARD'S 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

The Auditing and Assurance Standards Board (AASB) of the Malaysian Institute of Accountants (MIA) welcomes the opportunity to provide its comments on the 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* by International Auditing and Assurance Standards Board (IAASB).

The AASB supports the IAASB's initiatives in examining the issues and challenges related to the expectation gap regarding fraud and going concern in an audit of financial statements and possible actions that could be undertaken to help narrow the expectation gap.

We attach in Appendix 1, our responses to the questions found in the Discussion Paper. We hope our comments would contribute to further deliberation by the IAASB on the matter. If you have any queries or require clarification of this submission, please contact Simon Tay Pit Eu at +603 2722 9271 or email to simontaypiteu@mia.org.my.

Yours sincerely,
MALAYSIAN INSTITUTE OF ACCOUNTANTS

DR. NURMAZILAH DATO' MAHZAN
Chief Executive Officer

APPENDIX 1

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

1. **In regard to the expectation gap (see Section I):**

(a) What do you think is the main cause of the expectation gap relating to fraud and going concern in an audit of financial statements?

We are of the view that **knowledge gap** is the main cause of the expectation gap relating to fraud and going concern in an audit of financial statements whereby the public misunderstands the role and responsibilities of auditors relating to fraud and going concern, as stated below:

Fraud	• In accordance with International Standard on Auditing (ISA) 200 *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing*, one of the objectives of the auditor is to obtain reasonable assurance about whether the financial statements, taken as a whole, are free from material misstatement, whether due to fraud or error. This statement may be misconstrued by the public that the financial statements are indeed free of material misstatements due to fraud even though there is a clear caveat in the auditor's report that the level of assurance is only reasonable assurance and there is no guarantee that there is no material fraud. There may be a general perception by the public that auditors are expected to conduct an audit in a manner that extends beyond the requirements of ISA 240 *The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements* and to provide more than reasonable assurance.
Going Concern	• The public may not fully understand the technical terms used in auditing standards and the various conclusions conveyed in the auditor's report. A qualification in the audit opinion still appears to be the only commonly understood deviation from a clean audit report. The public may not understand that, in the absence of any reference to a material uncertainty related to going concern (MUGC), an auditor's report cannot be viewed as a guarantee on the entity's ability to continue as a going concern. • The public expects the auditors to raise the red flag before an entity has a going concern issue. However, this expectation is inconsistent with the auditor's role under ISA 570 *Going Concern* where an auditor is required to conclude, based on the audit evidence obtained, whether a material uncertainty exists about the management assessment about the entity's ability to continue as a going concern. • Unlike the auditing standard (ISA 570) which is quite comprehensive, there are minimal requirements in the accounting standard (IAS 1 *Presentation of Financial Statements*) to govern the management's assessment and disclosures relating to going concern. • The management's assessment of an entity's ability to continue as a going concern involves making judgment, at a particular point in time, about uncertain future outcomes of events or conditions. Subsequent events may also result in outcomes that are inconsistent with judgments that were reasonable at the time they were made. Sometimes, the public may fail to understand this matter and do not take into consideration the period of assessment covered by the management and auditor in the going concern assessment.

	• The expectations of users of financial statements have evolved over time. Users expect greater transparency to better enable them to understand how management had performed their going concern assessment. As a result, there is an information gap between the information that an entity discloses about its going concern assessment and the information stakeholders need to understand the viability of an entity.

In addition to **knowledge gap**, we also believe that **performance gap and evolution gap** are also causes of the expectation gap, as stated below:

Performance gap	• Auditors may have omitted certain audit procedures as required under the auditing standards due to the complexity and unclear requirements of certain standards.
Evolution gap	• Audits may not have evolved to meet changing expectations due to changing business landscape and developments in the environment such as the use of technology by both reporting entities and auditors. Standard setters should recognise that the use of technology by reporting entities creates different opportunities and fraud risks within an organisation, particularly when those entities are implementing new technology applications at an increasing pace. On the flipside, the auditor's use of technology is equally important to address fraud risks and to identify potential misstatements due to fraud. • The public is looking for enhanced procedures in relation to fraud and going concern that is not currently provided by the requirements of the auditing standards and is getting more demanding that the financial reports should be more predictive rather than merely reporting on historical numbers. • Due to increasing disclosure requirements in the financial statements, sometimes the public may tend to ignore certain general information such as auditors' responsibilities for the audit of financial statements. This may widen the expectation gap.

(b) In your view, what could be done, by the IAASB and / or others (please specify), to narrow the expectation gap related to fraud and going concern in an audit of financial statements?

Although we agree there are opportunities for enhancements to the ISAs for both fraud and going concern that would assist in addressing the expectation gap, it is important for all stakeholders which includes those charged with governance (TCWG), regulatory bodies as well as auditors to recognise that enhancements to the ISAs alone will not have a substantial effect on the expectation gap. There should be a holistic study involving stakeholders and collective efforts from them to achieve a meaningful change.

We also believe that fraud and going concern issues, are in fact, governance issues as the primary responsibility for fraud and going concern assessment rests with TCWG. The management should acknowledge their responsibilities and clearly discuss their going concern assessment in the financial statements. Hence, for any efforts to change on the auditing standards relating to going concern, there should be a corresponding change on the accounting standards. Auditors should not be expecting to disclose matters in addition to those that have been reported by TCWG in the financial statements.

Bearing the above in mind, we are of the view that the following could be done by the IAASB and/or others in narrowing the expectation gap:

IAASB and other regulators such as capital market surveillance and accounting standard setter	1) We recommend that the IAASB engage with the International Accounting Standards Board (IASB) to commence a project to clarify going concern requirements in International Financial Reporting Standards. At the moment, there are only two paragraphs on going concern disclosure in IAS 1 as compared to a separate auditing standard dealing with going concern in the form of ISA 570. An issue of such importance should be further guided by accounting standards as going concern is a fundamental concept in financial reporting. Preparers may not have given sufficient focus and attention on going concern in their financial reporting function other than when required by auditors, as auditors have a particular auditing standard in guiding going concern assessment. The unintended consequence is the wrong perception that auditors have the primary responsibility to report on going concern issues, as evidenced by the negative publicity on auditors whenever there are corporate failures. The preparers and other stakeholders should be better guided by an accounting standard on going concern. For example, there should be: ➢ consistent guidance with regards to the meaning of MUGC and the difference between the material uncertainty threshold and liquidation basis of accounting threshold, to enable more consistent interpretation of the concept. ➢ clarity for what has to be disclosed when material uncertainty exists, or even making it mandatory for disclosure about the conclusion, regardless of whether there is material uncertainty on the events or condition that affect the going concern basis of preparation by a reporting entity. ➢ further guidance on the period covered by the management in the going concern assessment. 2) The IAASB may consider enhancing the communicative value of auditor's report by considering the following: ➢ the location of the going concern paragraph. ➢ the disclosures on the nature, extent and limitations of the auditors' responsibilities in relation to fraud and going concern. ➢ the requirements for auditors to discuss or provide their commentary about the going concern assessment carried out by the directors in the auditor's report, and not limiting to only include disclosure on MUGC when it is applicable. This is similar to the requirements in the UK mandating directors to discuss their basis of preparation on going concern. ➢ engagement with key stakeholders on the meaning of material uncertainty on going concern and the scope of work by auditors on going concern. 3) The IAASB may consider providing more granular guidance and support materials to assist with effective application of the auditing standards. There can be continued efforts in setting requirements to foster a sceptical mindset such as "stand back" requirements.

	4) The IAASB may review on the sufficiency and effectiveness of reporting requirements and revise the going concern and fraud standards where necessary. Enhanced procedures can be introduced such as requirement to engage with forensic specialist by auditors to deal with the fraud matters. The ISA should provide a stronger framework for auditors in detection of fraud and assessment of entity's going concern assumptions. 5) The going concern assessment from the existing ISA 570 generally covers a 12-month period from the date of the statement of financial position, with the exception to extend the assessment period should there be known event that may affect the going concern assessment beyond 12 months. The IAASB may consider the basis adopted in the UK, in which the 12-month period of assessment is from the date of the audit report (generally the same date of the approval of the financial statements) instead of the balance sheet date. The change of the "start date" is particularly important during this pandemic as there were several extensions for the submission of audited financial statements, even up to 9 months after the date of the statement of financial position for which based on ISA 570, assessment for going concern would only need to be performed for the remaining period of 3 months. Under such circumstances, the value of an audit in relation to going concern may have been diluted as compared to an audit where a forward-looking assessment of 12 months is done on going concern from the auditor's report date. However, for any change in the period of coverage, there should also be a change on the preparer's side to cover the same period as the auditor. 6) The regulators may also consider imposing requirements on the entities with significant public interests to discuss about the entity's assessment on going concern in the financial statements and provide more insightful information about the future prospect of the business or to include the directors' solvency statement that the reporting entity can pay all debts as and when they become due and payable in the directors' declaration on the financial report, as currently practised in Australia. 7) The IAASB and other regulatory bodies should engage with key stakeholders of financial reporting as, although the auditor plays an important role in detecting material fraud, the public should be educated to understand the nature of work of the auditors relating to fraud and that the prevention and detection of fraud within an organisation is primarily the responsibility of management under the oversight of TCWG. 8) The IAASB should consider providing more specific guidance and support materials in respect of the use of technology by auditors (such as automated and data analytics tools) especially in audits of financial statements. The auditing standards should evolve quickly from time to time in catching up with this latest trend. 9) The IAASB may consider reviewing the sufficiency and effectiveness of auditors' reporting requirements relating to other information in the annual reports and providing more specific guidance and support materials to assist auditors under ISA 720 *The Auditor's*

	Responsibilities Relating to Other Information, in particular, whether requirement should be imposed on auditors to provide a separate assurance report on other information such as on the corporate governance report and non-financial indicators relating to fraud and going concern as disclosed in annual reports. 10) Where auditors have obligations to escalate, or determine whether to escalate, any breaches of laws or regulations that may impact the financial statements, the circumstances in which auditors have to report should be clearly defined in law or regulation and the reporting channels should protect disclosures done in good faith. The regulator receiving reports should also have a corresponding obligation and the requisite resources to act on the information it receives.
Those Charged with Governance	In relation to TCWC, the following may be considered: 1) Creating a stronger framework of responsibility and reporting by management through the implementation of a sound system of internal control over financial reporting that specifically includes controls over fraud risks could facilitate the prevention and detection of fraud. 2) Exploring management and director certifications on the content of financial statements as well as internal control over financial reporting. 3) Expanding responsibilities for measuring and overseeing corporate culture and the influence of incentives. 4) Establishing strong whistle-blower programs that both encourage and protect those who make reports. 5) Disclosing how management under the oversight of TCWG has discharged its responsibility on the prevention and detection of fraud within an entity in the entity's corporate reporting. 6) Focusing on broader issues and incidences relating to industry fraud which may impact the reporting entity and not limiting to assessment by management during the conversations between TCWG and auditors.

2. This paper sets out the auditor's current requirements in relation to fraud in an audit of financial statements, and some of the issues and challenges that have been raised with respect to this (see Sections II and IV). In your view:

(a) Should the auditor have enhanced or more requirements with regard to fraud in an audit of financial statements? If yes, in what areas?

As mentioned in our response to Question 1(b), to make a substantial change, all stakeholders which includes those charged with governance (TCWG), regulatory bodies as well as auditors in the ecosystem must be involved as enhancements to the ISAs alone and re-defining the responsibilities of the auditors will not have a substantial effect on the expectation gap.

Notwithstanding the above, we believe that auditors should evolve in how they perform audits and there should be enhanced requirements with regards to fraud in narrowing the expectation gap. However, any enhancements to be done should be within the capability of the auditors and in accordance with the objectives of the financial statement audits under the ISAs.

We are supportive of the IAASB looking into revising the ISAs to provide auditors with a stronger framework to support the detection of fraud. We believe it is critical that the auditor has an end-to-end view of fraud risk across the audit, from risk assessment procedures through to designing and executing procedures to address risks of material misstatement due to fraud and consequential communications. With this in mind, we are supportive of the IAASB's project on fraud to develop enhanced connections between ISA 240 and the other ISAs, which could also involve the development of implementation guidance that can bring together and describe these connections in a single document. This would help to drive more consistent application of the current requirements.

In the following table, we have summarised the specific areas that could be considered to enhance the auditor' procedures in relation to fraud:

Areas to be considered	Comments
Use of technology	• ISA 240 should be expanded to include: i) guidance on risks created by the technology used by entities and ii) the use of automated tools and techniques in audits by developing application material or other implementation guidance on how such tools and techniques could be used by the auditor to enhance the auditor's procedures to identify and respond to risks of material misstatement due to fraud.
Corporate culture	• We strongly agree with the IAASB in placing importance on an entity's culture and the effects of that culture on fraud prevention and fraud deterrence. • ISA 315 *Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment* should be expanded to include more guidance on: (i) specific consideration on aspects of an entity's culture in order to perform a more effective evaluation of whether management, with the oversight of TCWG, has created and maintained a culture of honesty and ethical behaviour; and (ii) how auditors should respond to the consequences, including communication with TCWG, of any weaknesses in the control environment identified in conjunction with the required evaluation of the entity's culture for the risk of management override and the identification of other fraud risks.
Use of forensic specialist and other specialist (such as data analytics specialist) on audits	• Forensic specialists can provide increased insight into the fraud risks of an entity and can also assist with the development of procedures to respond to fraud risks. • We suggest including guidance in ISA 240 that forensic specialists may be involved in the auditor's identification, assessment and/or response to fraud risks. The forensic specialists should only be called upon if there are clear fraud risk indicators as opposed to a blanket mandate of their involvement in the audit of financial statements.

	• The effectiveness of using forensic specialists should be considered in the context of the objectives of an audit of financial statements. The expectation gap may widen if stakeholders perceive the involvement of forensic specialists as implying an extended or different scope of the auditor's work. There should be a clear distinction between the use of specialists in an audit of financial statements than that of a specialist performing a forensic investigation. • The scalability of such a requirement for less complex audits would also need to be determined.
Auditor responsibilities for non-material fraud	• The existing ISA provides guidance where the auditors are required to assess the potential impact (quantitatively or qualitatively) of fraud risk identified or suspected (including non-material fraud). In many cases, the materiality of a matter identified may not be truly understood without further investigation. Therefore, we believe that ISA 240 requires enhancement to address auditor's responsibilities for non-material fraud. • Fraud is a matter that is often inter-related with non-compliance with laws and regulations and often constitutes an illegal act. Therefore, we encourage the IAASB to clarify within ISA 240 the relationship between responding to non-compliance with laws and regulations and responding to instances of fraud.
Fraud related to third parties (e.g., cyber-attacks resulting in theft of customer information)	• We do not agree that the scope of the financial audit should be expanded to specifically cover fraud related to third parties as this additional scope may be beyond the knowledge and expertise of the auditor. • Additional emphasis should be placed in ISA 240 on the auditor's responsibilities around fraud related to third parties (e.g evaluating the validity of audit evidence obtained from third parties), and the fact that the nature of fraud risks specific to third parties, with possible collusion with management, and the nature of the auditor's response may differ from risks of fraud internal to the entity. • More guidance is needed in relation to considering management authority on entering into contracts and agreements with third parties and risks related to misuse of power of attorney privileges.
Engagement quality review procedures	• The IAASB may enhance the ISAs by including an explicit requirement for all fraud risk areas to be considered and reviewed by engagement quality reviewer before the issuance of the auditor's report. • The IAASB may consider including specific guidance in ISQM 2 *Engagement Quality Reviews* on the expectation that the engagement quality review involves evaluating the judgments made in relation to fraud risks and any instances of identified or suspected fraud.

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Understanding of the entity and its environment and the entity's system of internal control	• Enhancing ISA 240 to draw out how the fraud risk identification and assessment process should be integrated with the enhanced risk assessment process for the financial statements as a whole.
Audit evidence	• With advances in technology, alterations to documents are difficult to detect in many circumstances. Hence, a specific focus on enhancing the guidance in ISA 500 *Audit Evidence* related to authenticity of documents would be useful (e.g. the required work effort related to evidence obtained from external sources and how technology could be used to obtain audit evidence directly from third parties for better assurance).
Related parties	• Enhancing the prominence in ISA 240 of the work performed to address risks related to related party transactions and disclosures as it relates to the auditor's responsibilities in relation to fraud.

(b) Is there a need for enhanced procedures only for certain entities or in specific circumstances? If yes:

(i) For what types of entities or in what circumstances?

In the context of ISAs, we believe the suggestions in Question 2(a) should be applied to audits of all entities. However, a different approach may be needed for audits of more complex entities such as the use of a forensic specialist. We believe that this will be addressed in another project under the IAASB.

(ii) What enhancements are needed?

Please refer to responses to Question 2(a).

(iii) Should these changes be made within the ISAs or outside the scope of an audit (e.g., a different engagement)? Please explain your answer.

Consistent with our earlier suggestions, we are of the view that the change should be made within the ISAs. For the use of forensic auditors, it should be consistent with the requirements of the use of auditors' experts such as IT audit specialist, unless there is another assurance engagement requirement to be introduced.

(c) Would requiring a "suspicious mindset" contribute to enhanced fraud identification when planning and performing the audit? Why or why not?

(i) Should the IAASB enhance the auditor's considerations around fraud to include a "suspicious mindset"? If yes, for all audits or only in some circumstances?

We are not supportive of requiring the auditor to apply a "suspicious mindset" when planning and performing the audit due to potential unintended consequences result from management and TCWG being less likely to cooperate fully with auditor's requests and hence, impact the effectiveness of the two-way communication. It may so change the whole landscape of the purpose and the objectives of audit.

We believe that the concept of professional scepticism remains the appropriate concept to apply and the IAASB should continue to emphasise the concept of "maintaining healthy professional scepticism". The auditors should obtain sufficient appropriate audit about whether material misstatements exist rather work based on "suspicious mindset" from the start of the audit as financial statement audits are not forensic in nature.

However, in certain circumstances when the auditors have doubt on the integrity of the management or frauds have been identified, the auditor may need to scale up their professional scepticism to the level of "suspicious mindset". Therefore, we suggest that ISA 240 be enhanced to include guidance on scaling professional scepticism, including how facts and circumstances should affect the level of professional scepticism applied.

We also believe more could be done in ISA 240 to emphasise risks related to auditor bias, in particular guidance specific to how such biases could negatively affect the effectiveness of the auditor's identification, assessment, and response to fraud risks.

(d) Do you believe more transparency is needed about the auditor's work in relation to fraud in an audit of financial statements? If yes, what additional information is needed and how should this information be communicated (e.g. in communications with those charged with governance, in the auditor's report, etc.)?

Yes, we believe more transparency is needed about the auditor's work in relation to fraud.

We have summarised the areas which require enhancement as follows:

Communication with those charged with governance	The current guidance does not promote specific communications with TCWG or robust discussions about fraud risks. The enhanced guidance should emphasise a two-way discussion about the fraud risks identified, the controls that have been implemented by the entity to address those fraud risks, and the audit strategy to respond to the identified fraud risks. The discussion should include understanding the views of TCWG about fraud risks specific to the entity (including the effects of the entity's corporate culture on fraud risks), and management's controls to address these fraud risks and their knowledge of fraud, alleged fraud, or suspected fraud affecting the entity. We do not believe that the auditor's communication with TCWG about identified or suspected fraud should be limited to those frauds that meet the materiality threshold. Instead, professional judgment should be applied by the auditor in determining whether other instances of identified or suspected fraud should be communicated. We also see benefit in including additional guidance to communicate the potential implications of significant deficiencies in internal control in accordance with ISA 265 *Communicating Deficiencies in Internal Control to Those Charged with Governance and Management* on fraud risks.
Auditor's report	We believe that a more prominent description of auditor responsibilities for detecting fraud in the auditor's responsibilities

	section of the auditor's report would be beneficial. In addition, we suggest that the current description be expanded to include the auditor's required procedures for both addressing fraud risks and when fraud is identified or suspected.

3. This paper sets out the auditor's current requirements in relation to going concern in an audit of financial statements, and some of the issues and challenges that have been raised with respect to this (see Sections III and IV). In your view:

(a) Should the auditor have enhanced or more requirements with regard to going concern in an audit of financial statements? If yes, in what areas?

Yes. We believe that auditors should have enhanced or more requirements with regards to going concern. However, the enhancements to be done should be within the capability of the auditors and be in accordance with the objectives of financial statement audits under the ISAs. We continue to reiterate that it is important to look into enhancements to the accounting framework first to address the gap between the information that an entity discloses about its going concern assessment and the information stakeholders need to understand the viability of an entity. The auditor's responsibilities should then be re-examined in light of any enhancements made.

As to whether auditors should be required to consider a longer time period in their going concern assessment, i.e., beyond the current required period, we are of the view that a 12-month period is sufficient as financial statement audits are to be done annually and the auditors are not able to assess events too far into the future. However, the IAASB may consider whether the 12-month period should start from the date of the statement of financial position or date of auditor's reports.

As mentioned earlier, the preparers and other stakeholders should be better guided by an accounting standard on going concern and we suggest that the IAASB should consider working closely with the IASB in setting expectation on both auditing and accounting standards on going concern. Nevertheless, pending the revision of the accounting framework, the IAASB may consider the following:

- Expand the guidance on consideration of the appropriateness of the period covered in the going concern assessment particularly in what circumstances the management and auditor should extend the period covered to more than 12 months.
- Provide clearer linkage between ISA570 to ISA 315 particularly the importance of the auditors' robust understanding of the entity and its environment and to exercise professional scepticism in evaluating the management's going concern assessment.
- Include clarification that understanding the entity's financial reporting process under ISA 315 should include the management's assessment process for going concern.
- Provide enhanced guidance for auditor's evaluation of the management's assessment with consideration to the enhancements made to ISA 540 (Revised) *Auditing Accounting Estimates and Related Disclosures* for auditing accounting estimates involving how the auditor considers the significant assumptions and data used in management's assessment, including with respect to evaluating management's plans for future actions and the ability to execute these actions, as well as whether consistency of the assumptions underpinning the going concern assessment with assumptions used in other areas (e.g. impairment analysis).

(b) Is there a need for enhanced procedures only for certain entities or in specific circumstances?1 If yes:

(i) For what types of entities or in what circumstances?

(ii) What enhancements are needed?

(iii) Should these changes be made within the ISAs or outside the scope of an audit (e.g., a different engagement)? Please explain your answer.

Consistent with our response in Question 2, we believe the aforementioned enhanced procedures should be applied to all entities and the change should be made within the ISAs.

(c) Do you believe more transparency is needed:

(i) About the auditor's work in relation to going concern in an audit of financial statements? If yes, what additional information is needed and how should this information be communicated (e.g., in communications with those charged with governance, in the auditor's report, etc.)?

Consistent with our response in Question 2, we believe that more transparency is needed about the auditor's work in relation to going concern assessment.

We see certain opportunities for enhancement in the auditor's communication about going concern with TCWG, as well as in the auditor reporting when an MUGC exists in the context of current accounting requirements:

Communication with those charged with governance	There should be a more robust two-way discussion between TCWG and the auditor on the topic of going concern, including TCWG sharing views about management's assessment of going concern, as well as carrying out discussions of significant assumptions made in light of the identified events or conditions. The auditor could also communicate about the procedures performed to evaluate the assessment and the findings of the work performed. There should also be more guidance on the nature, timing or extent of communication expected with TCWG on going concern matters; the current requirement in ISA 570 is written as a communication of outcomes or conclusions that the auditor has reached.
Auditor's report	In practice, there is a difference in the level of disclosure in reporting of material uncertainties related to going concern under the separate "Material Uncertainty Related to Going Concern" section of the auditor's report versus more descriptive entity-specific information about the material uncertainty in the KAM section of the report. We would recommend the IAASB to clarify whether or when the requirement related to KAM should apply to

	reporting of MUGC, i.e., to include a description of how the matter was addressed in the audit. We believe the auditor should at least be required to consider whether additional information about the audit work performed should be included in the MUGC section of the auditor's report or included as a separate matter in the KAM section of the report.

(ii) About going concern, outside of the auditor's work relating to going concern? If yes, what further information should be provided, where should this information be provided, and what action is required to put this into effect?

Consistent with our earlier responses, we recommend that the IAASB should engage the IASB to enhance the accounting standard in relation to going concern. In addition, we also believe that more application guidance in the accounting and auditing standards relating to going concern will be helpful to preparers and auditors of financial statements.

4. Are there any other matters the IAASB should consider as it progresses its work on fraud and going concern in an audit of financial statements?

Robust whistleblowing process and other enhanced procedures may help in deterring fraud in an entity more effectively. For example, introducing greater requirement for testing of internal control over financial reporting and increased transparency of related disclosures as required under the Sarbanes Oxley Act in the US may help to deter fraud in an entity. However, this enhancement may come with substantial increase in costs.