

COMMENTS TO: FRAUD AND GOING CONCERN IN AN AUDIT OF FINANCIAL STATEMENTS

| Question | Answer |
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| <p>1.regard to the expectation gap (see Section I):</p> <p>(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?</p> | <p>Knowledge gap: We understand that this is the main cause of the expectation gap.</p> <p>Evolution gap: respect going concern the auditor frequently uses professional judgment, it is also possible that the latest technological tools available for detecting the risk of fraud in financial statement audits are not used, for these reasons it is convenient that some procedures used by the auditors are reviewed.</p> |
| <p>(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?</p> | <p>The IAASB, IFAC, and the Argentine Federation of Professional Councils in Economic Sciences, in the latter case, for the scope of application in Argentina, should redouble their efforts to publicize the objectives of an audit of financial statements in general (ISA 200.11 and 12) and the auditor's responsibilities with regard to fraud in an audit of financial statements (ISA 240.10) and as regards going concern issues (ISA 570.9).</p> <p>It is important that the outreach goes beyond professionals to address all potential users of financial statements</p> |

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| | <p>and audit reports.</p> <p>On the other hand, the IAASB and the IESBA should review the EEFF audit procedures and the provisions on skepticism and their application.</p> |
| <p>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:</p> <p>(a) Should the auditor have enhanced or more requirements with regard to fraud in an audit of financial statements? If yes, in what areas?</p> | <p>Yes</p> <p>The areas proposed to review its requirements are: risk detection in measurement and valuation of financial and non-financial assets, corruption and bribery.</p> <p>Faced with serious and well-founded suspicion of fraud, the performance of a fraud investigation auditor should be considered, in audits for listed companies and public interest entities where these definitions exist.</p> |
| <p>(b) Is there a need for enhanced procedures only for certain entities or in specific circumstances?¹</p> | <p>The use of improved procedures in certain entities and in specific circumstances is considered a positive step, that is, both situations must occur simultaneously.</p> |
| <p>If yes:</p> <p>(i) (b) Is there a need for enhanced procedures only for certain entities or in specific circumstances?¹ If yes:</p> <p>(i) For what types of entities or in what circumstances?</p> | <p>Yes</p> <p>Only for listed entities that offer their shares publicly and for those that make up lists of public interest entities, in the countries that have this categorization defined.</p> |

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| <p>(ii) What enhancements are needed?</p> | <p>If the auditor determines that the risk of fraud is high, he or she should call upon a fraud investigation auditor following communication to management and those charged with governance. Although professional standards cannot impose obligations on the client, the audited entity should take charge of this incorporation, thus demonstrating the interest in preventing acts linked to fraud. We consider this action only for companies listed and / or included in definitions of public interest entity, where these definitions exist.</p> |
| <p>(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.</p> | <p>It should be found within the ISAs in a specific section intended to provide auditors with greater technical support so that they can frame their actions and limit their liability in the event that this greater risk has not been transformed into specific fraud actions.</p> |
| <p>(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</p> | <p>Yes In the auditing standards related to fraud and the going concern: ISA 240 and ISA 570, the requirements are established for the professional to act with professional skepticism.</p> |

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| <p>auditor's considerations around fraud to include a "suspicious mindset"? If yes, for all audits or only in some circumstances?</p> | <p>We consider it necessary to continue reviewing the requirements for the application of professional skepticism, as this is the center of the audit practice.</p> <p>i) Yes Only for listed entities that offer their shares publicly and for those that make up lists of public interest entities, in the countries that have this categorization defined.</p> |
| <p>(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.)?</p> | <p>We consider that in companies that offer their shares in public form and in public interest entities, the auditor should communicate the fraud risk assessment as well as the conclusions obtained from the procedures applied, while the Management should also report on your own fraud risk assessment and the policies and procedures implemented to mitigate it.</p> |
| <p>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:</p> <p>(a) Should the</p> | <p>Auditing standards describe specific procedures for evaluating management's assessment of the entity's ability to continue as a going concern, and the consideration of any related disclosures. We consider that the revision of the</p> |

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| auditor have enhanced or more requirements with regard to going concern in an audit of financial statements? If yes, in what areas? | established requirements is convenient. The Areas are the same as those mentioned in point 2, item b) |
| (b) Is there a need for enhanced procedures only for certain entities or in specific circumstances?1 If yes: | Yes |
| (i) For what types of entities or in what circumstances? | For listed companies and those that according to the laws of each jurisdiction are defined as being of public interest. |
| (ii) What enhancements are needed? | They must be interpreted in the context of the information ecosystem. None of the components of the ecosystem solves the issues by itself. Although professional standards cannot establish obligations for the audited entity, it would be convenient for the corresponding bodies to achieve that issuers and corporate governance bodies issue specific and more precise statements, in addition to financial information, such as statements on : resilience, criteria applied for risk assessment and internal control systems applied |

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| | <p>to fraud and / or continuity, planning and actions of the audit committee.</p> <p>The auditing standards should contemplate the auditor's evaluation of the correspondence of the statements described in the previous paragraph based on the audit evidence obtained during the performance of the procedures.</p> |
| <p>(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.</p> | <p>As emerges from the previous paragraph, although the ISAs contain adequate tools for this purpose, it should be complemented with greater specificity in that framework, we consider that the modifications are necessary within the ISAs,</p> |
| <p>(c) Do you believe more transparency is needed:</p> <p>(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.)?</p> | <p>As in the previous answer, we consider that for companies that make a public offer and public interest entities, the auditor must communicate in the audit report his evaluation of the going concern principle, as well as the conclusions obtained.</p> |
| <p>(ii) About going</p> | <p>Management should</p> |

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| <p>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?</p> | <p>also communicate the evaluation of the going concern principle and the assumptions and estimates contemplated in the analysis.</p> |
| <p>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?</p> | <p>We consider that in the matter of fraud the auditor should deepen the quality control review procedures of the audit work. The additional information to provide will be from your planning, work programs and work papers. This should be submitted to the requirements of control agencies. For this, it is essential to regulate it through these control bodies.</p> |
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