



Agenda Item 8A

Fraud and Going Concern — Summary of Survey Results

AICPA Auditing Standards Board Survey – Fraud and Going Concern in an Audit of Financial Statement

Summary

This report contains a summary of the results to the survey titled *AICPA Auditing Standards Board – Fraud and Going Concern in an Audit of Financial Statements*. The survey was posted on the AICPA website seeking input from interested parties. Awareness about the survey was provided through targeted emails and by AICPA communication channels. The summary is based on the answers from respondents who took the survey in the 22-day period from Friday, October 23, 2020 to Friday, November 13, 2020. 28 completed survey responses were received during this time. Of the 28 responses, 15 provided demographic information to help us understand the source of the responses. Of the 15 that provided this information, all of the respondents were CPAs, either working at a CPA firm, for a standard setter, or retired.

Overall Considerations

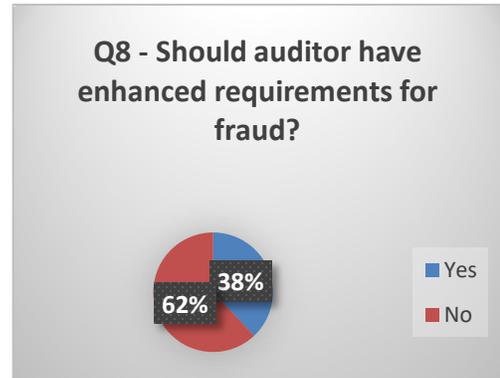
The survey was performed to obtain feedback from a GAAS perspective on the IAASB's Discussion Paper *Fraud and Going Concern in an Audit of Financial Statements: Exploring the Differences Between Public Perceptions About the Role of the Auditor and the Auditor's Responsibilities in a Financial Statement Audit*. The objective of the survey was to help inform the ASB's response to the IAASB's comment letter and to inform the ASB as it moves forward with possible fraud and going concern projects. Overall, the majority of respondents believe that auditors do not need additional or enhanced audit procedures relating to fraud or going concern. The following is a high-level summary of the responses.

Fraud

The following is a summary of the responses to the multiple-choice questions from the survey relating to fraud.

Question 8 — Should the auditor have enhanced or additional requirements with regard to fraud for all audits?

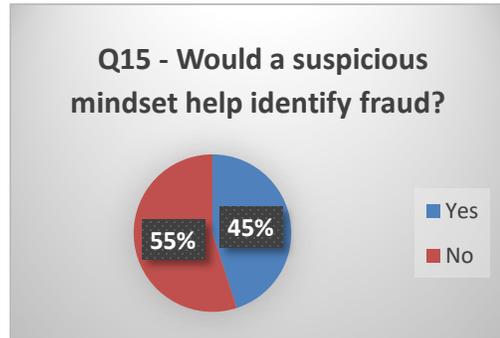
- 62% (16 of 26 respondents) believe that the auditor should NOT have enhanced or additional requirements for fraud for all audits of financial statements beyond those currently required



Suspicious mindset

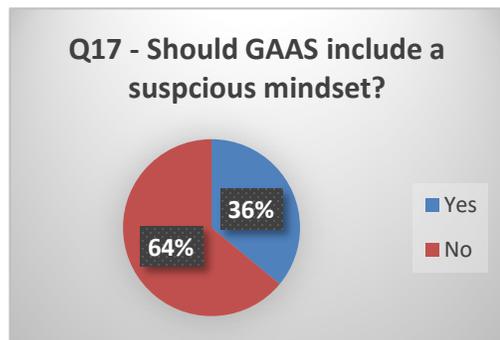
Question 15 — Would requiring a “suspicious mindset” contribute to enhanced fraud identification when planning and performing the audit?

- 55% (12 of the 22 respondents) believe that requiring a suspicious mindset would NOT contribute to enhanced fraud identification when planning and performing the audit



Question 17 —Should the ASB enhance the auditor’s considerations around fraud to include a “suspicious mindset” for all financial statement audits?

- 64% (14 of the 22 respondents) said the ASB should NOT enhance the auditor’s considerations around fraud to include a “suspicious mindset” for all financial statement audits



Transparency

Question 20 — Do you believe more transparency is needed about the auditor’s work in relation to fraud in an audit of financial statements?

- 59% (13 of the 22 respondents) believe that more transparency is needed about the auditor’s work in relation to fraud in an audit of financial statements



Required use of forensic specialists

Question 22 — Do you think the use of forensic specialists or other relevant specialists in a financial statement audit of a nonissuer performed in accordance with GAAS should be required?

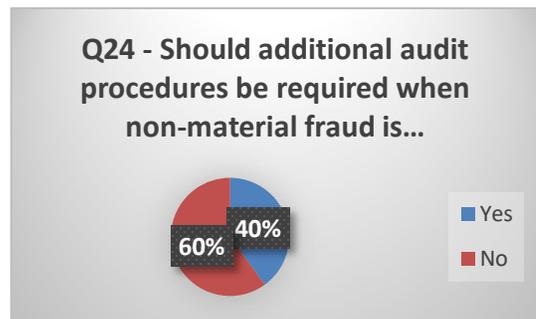
- 75% (15 of the 20 respondents) believe the use of forensic specialists or other relevant specialists in a financial statement audit should NOT be required



Nonmaterial fraud and third-parties

Question 24 — Should additional audit procedures be required when non-material fraud is identified by the auditor?

- 60% (12 of the 20 respondents) believe additional audit procedures should NOT be required when non-material fraud is identified by the auditor



Question 26 — Do you think that there is enough emphasis in GAAS placed on the auditor's responsibilities around fraud involving third parties?

- 74% (14 of the 19 respondents) believe that there is enough emphasis in GAAS placed on the auditor's responsibilities around fraud involving third-parties

Q26 - Is enough emphasis in GAAS placed on auditor's responsibilities around fraud involving 3rd parties?



Question 28 — Should auditors of nonissuers have a role with respect to fraud involving third-parties that does not result in a material misstatement of the financial statements, but may have a severely negative impact on the entity?

- 58% (11 of the 19 respondents) believe auditors should NOT have a role with respect to fraud involving third-parties that does not result in a material misstatement of the financial statements

Q28 - Should auditors have a role re: fraud involving 3rd parties that does not result in a material misstatement?

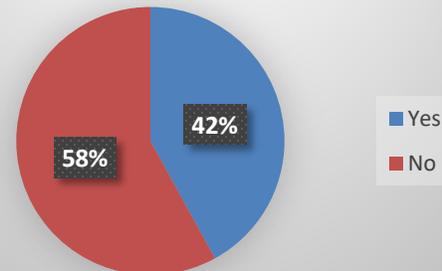


EQCR

Question 30 — Should additional engagement quality control review procedures specifically focused on the engagement team's responsibilities relating to fraud be required for engagements for which the firm has determined an engagement quality control review should be performed?

- 58% (11 of the 19 respondents) believe there should NOT be additional engagement quality control review procedures specifically focused on the engagement team's responsibilities relating to fraud when the firm has determined an engagement quality control review should be performed

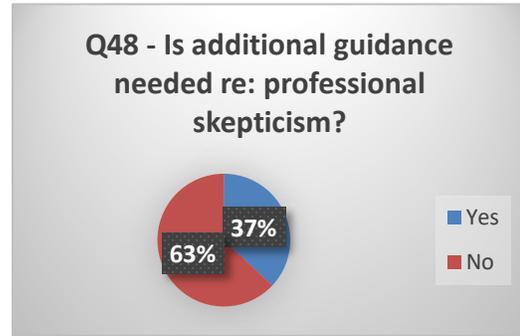
Q30 - Should additional EQCR procedures focused on fraud be required?



Professional skepticism

Question 48 — Is additional guidance related to professional skepticism when undertaking audit procedures with regard to fraud needed?

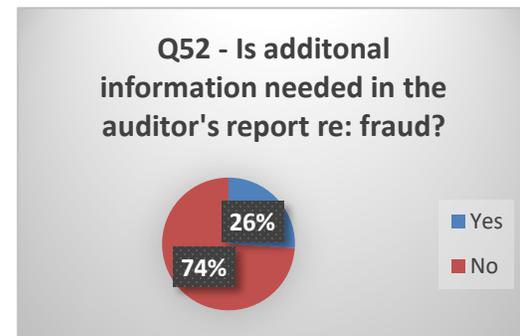
- 63% (12 of the 19 respondents) believe additional guidance related to professional skepticism when undertaking audit procedures with respect to fraud is NOT needed



Auditor's report and communications with those charged with governance

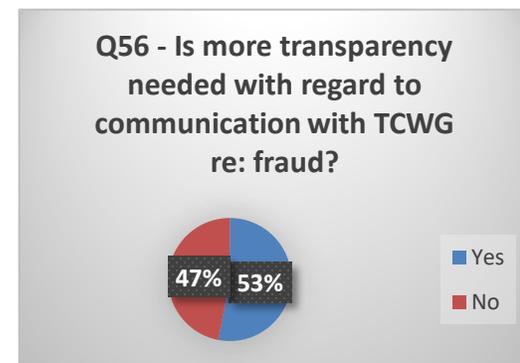
Question 52 — Is additional information needed in the auditor's report regarding fraud?

- 74% (14 of the 19 respondents) believe no additional information is needed in the auditor's report relating to fraud



Question 56 — Is more transparency needed with regard to communications with those charged with governance relating to fraud?

- 53% (10 of the 19 respondents) believe there is a need for more transparency with regard to communications with those charged with governance relating to fraud

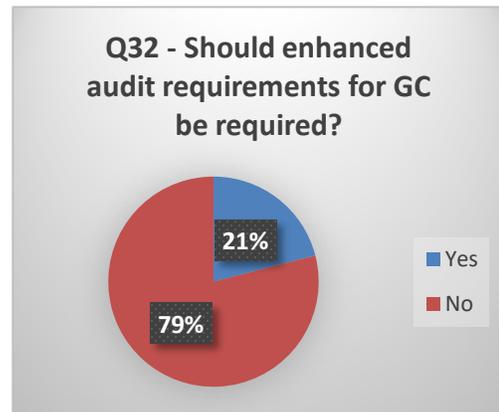


Going Concern

The following is a summary of the responses to the multiple-choice questions from the survey relating to going concern:

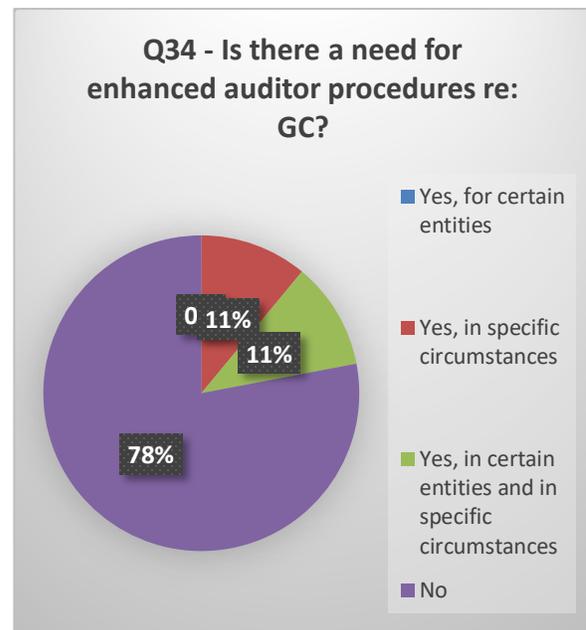
Question 32 — Should the auditor have enhanced or additional requirements with regard to going concern for all audits of financial statements other than those currently required?

- 79% (15 of 19 respondents) believe that the auditor should NOT have enhanced or additional requirements with regard to going concern for all audits of financial statements beyond those currently required



Question 34 — Is there a need for enhanced or additional audit procedures with regard to going concern only for certain entities or in specific circumstances?

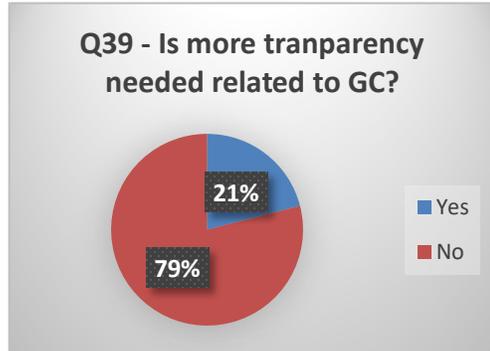
78% (15 of the 19 respondents) believe that enhanced or additional audit procedures with regard to going concern for certain entities or in specific circumstances is NOT needed



Transparency

Question 39 — Do you believe more transparency is needed about the auditor’s work in relation to going concern in an audit of financial statements of nonissuers in accordance with GAAS?

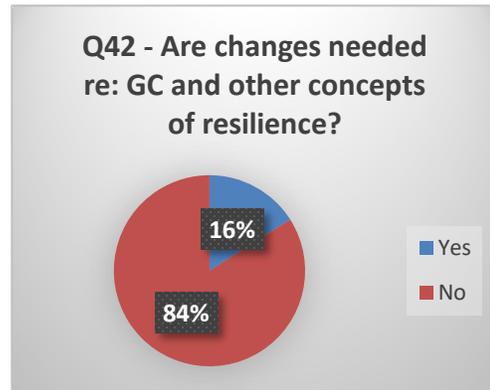
- 79% (15 of 19) believe that more transparency about the auditor’s work in relation to going concern is NOT needed



Concepts of resilience

Question 42 — Do you think that changes are needed with regard to going concern and other concepts of resilience (within the purview of the ASB)?

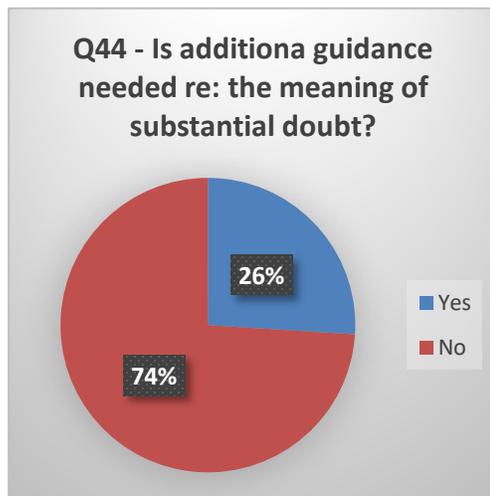
- 84% (16 of 19) believe changes are NOT needed with regard to going concern and other concepts of resilience.



Substantial doubt

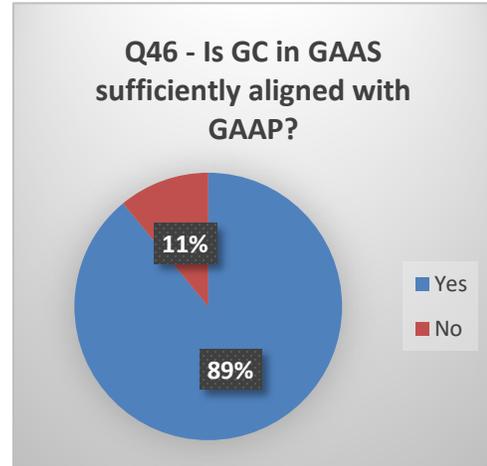
Question 44 — Is additional guidance needed with regard to the meaning of substantial doubt related to going concern, to enable more consistent understanding of the concept?

- 74% (14 of the 19 respondents) believe additional guidance with regard to the meaning of substantial doubt related to going concern is NOT needed to enable more consistent understanding of the concept



Question 46 — Is the concept of, and requirements related to, substantial doubt about the entity's ability to continue as a going concern in GAAS sufficiently aligned with the requirements in accounting principles generally accepted in the United States of America (GAAP)?

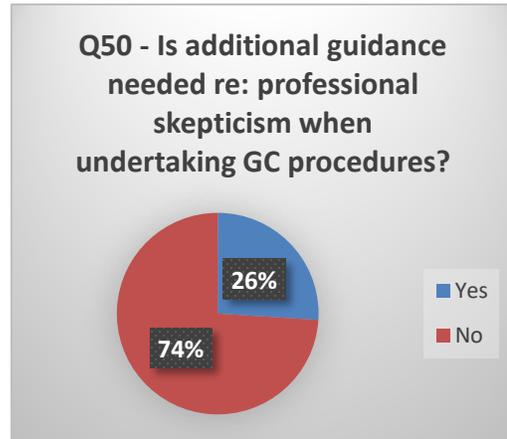
- 89% (17 of the 19 respondents) believe the concept of, and requirements related to substantial doubt about the entity's ability to continue as a going concern in GAAS is sufficiently aligned with the requirements in GAAP



Professional skepticism

Question 50 — Is additional guidance related to professional skepticism when undertaking audit procedures with regard to going concern needed?

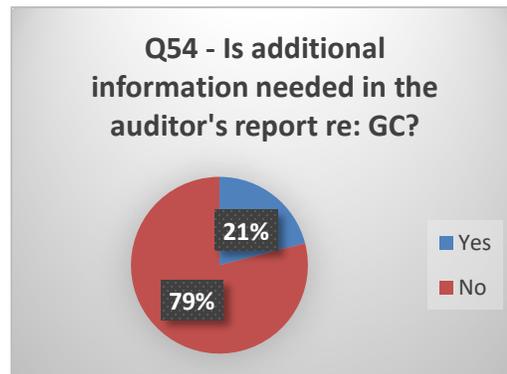
- 74% (14 of the 19 respondents) believe additional guidance related to professional skepticism when undertaking audit procedures with respect to going concern is NOT needed



Auditor's Report and communications with those charged with governance

Question 54 — Is additional information needed in the auditor's report regarding going concern?

- 79% (15 of the 19 respondents) believe no additional information is needed in the auditor's report relating to going concern



Question 58 – Is more transparency needed with regard to communications with those charged with governance relating to going concern?

- 74% (14 of 19) believe there is NO need for more transparency with regard to communications with those charged with governance relating to going concern [Q58]

