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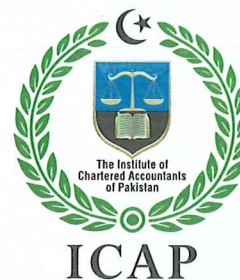
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ASEB Circular No. 01/2026

January 08, 2026

ALL MEMBERS OF THE INSTITUTE

Revisions to ISA 240 (Fraud) and ISA 570 (Going Concern)

Dear Member,

The International Auditing and Assurance Standards Board (IAASB) has issued revisions to the following International Standards on Auditing (ISAs):

1. **ISA 240 (Revised)**, The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements; and
2. **ISA 570 (Revised)**, Going Concern

A summary of the key features of these revised standards is provided in **Appendix A** to this Circular.

Effective Date

The revised standards are effective for audits of financial statements for periods beginning on or after December 15, 2026. Early adoption is permitted.

Useful Publications and Resources

The IAASB has published various publications and resources for stakeholders' facilitation and can be accessed using following links:

- ISA 240 (Revised), The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements
<https://www.iaasb.org/publications/isa-240-revised-auditor-s-responsibilities-relating-fraud-audit-financial-statements>
- ISA 570 (Revised), Going Concern
<https://www.iaasb.org/publications/isa-570-revised-2024-going-concern>

Members are advised to take note of the above.

Yours truly,


Muhammad Imran Khan
Director, Technical Services

Encl: As above.

Overview of Key Revisions to ISA 240 and ISA 570

ISA 240 (Revised) – The Auditor’s Responsibilities Relating to Fraud in an Audit of Financial Statements

The revised standard clarifies the auditor’s responsibilities, strengthens risk assessment and responses to fraud, and enhances transparency.

Key enhancements include:

- Introduces a new “stand-back” requirement, requiring the auditor, before concluding the audit, to reassess fraud-related risks of material misstatement (ROMMs) and evaluate whether sufficient appropriate audit evidence has been obtained.
- Clearly distinguishes the auditor’s responsibilities from the inherent limitations of an audit and affirms that such limitations do not reduce the obligation to obtain sufficiently persuasive audit evidence.
- Risk assessment procedures must now be performed through a specific “fraud lens”, requiring auditors to probe deeper into high-risk areas like journal entries and unusual transactions.
- Requires auditors to apply a fraud-focused mindset when planning and performing audit procedures, not just at the planning stage.
- Stronger requirements for two-way communication with management and those charged with governance about fraud-related matters.
- Expanded guidance on communicating Key Audit Matters (KAMs) related to fraud in the auditor’s report to increase transparency for users.

ISA 570 (Revised) – Going Concern

The revision strengthens the auditor’s evaluation of management’s going concern assessment and responds to corporate failures that raised concerns about auditors’ responsibilities.

Key enhancements include:

- Requires management to assess going concern for at least 12 months from the date of approval of the financial statements, rather than from the date of financial statements.
- Provides a clearer framework for evaluating management’s going concern assessment and the auditor’s conclusion. Auditors must now assess going concern in every audit, regardless of the presence of potential issues.
- The auditor’s report must explicitly address going concern in all cases — either:
 - i. A dedicated “Going Concern” section (no material uncertainty), or
 - ii. A “Material Uncertainty Related to Going Concern” section when relevant.

For listed entities, where significant judgments were made in concluding no material uncertainty exists, auditors must describe how they evaluated that assessment.

- The revised standard strengthens communication expectations with management and those charged with governance about going concern risks, judgments, and audit work.
- Enhances clarity, consistency, and transparency in auditor reporting on going concern, including guidance on Emphasis of Matter and other reporting implications.