



**Auditor General**  
MANITOBA

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Aug 23, 2023

Mr. Willie Botha  
Program and Technical Director  
International Auditing and Assurance Standards Board  
529 Fifth Avenue  
New York, NY 10017

Dear Willie Botha,

**Re: Exposure Draft – Proposed International Standard on Auditing 570 (Revised 202X)  
Going Concern**

Thank you for the opportunity to provide comments on the above exposure draft. I am responding on behalf of the Office of the Auditor General of Manitoba.

We agree with most of the changes in the exposure draft. Our response below focuses on our areas of concern.

**Specific Questions**

**7. Do you support the change in the commencement date of the twelve-month period of management’s assessment of going concern, from the date of the financial statements (in extant ISA 570 (Revised)) to the date of approval of the financial statements (as proposed in paragraph 21 of ED-570)? When responding consider the flexibility provided in paragraphs 22 and A43–A44 of ED-570 in circumstances where management is unwilling to make or extend its assessment. If you are not supportive of the proposal(s), what alternative(s) would you suggest (please describe why you believe such alternative(s) would be more appropriate and practicable)?**

We do not support the change in the commencement date of the twelve-month period of management’s assessment of going concern, from the date of the financial statements to the date of approval of the financial statements.

We feel that the appropriate place for the requirement of management to conduct a going concern assessment should be included in accounting standards, not auditing standards. Currently, most Canadian accounting standards include a requirement for management to conduct the going concern assessment by considering information for at least 12 months after the financial reporting date. Adding this requirement in the auditing standards and extending the period would cause inconsistencies with the existing Canadian accounting standards.

We see the risk of a lack of comparability as the ending period of going concern assessments will be different for entities as the approval date of their financial statement differs. This will result in challenges when auditing consolidated financial statements in that the timing of the going concern assessments are likely to be different among the entities that are being consolidated. This may result in the group auditor requesting additional analysis by management of component entities, along with additional audit work being conducted by the component auditor or group auditor.

As the period is extended, there may be a lack of information from management to perform the assessment as it will span multiple fiscal years. Management may be missing key information such as, budgets, and approved funding, that will make auditing management's assessment difficult. This proposed extension requires additional efforts from management and the auditor, with limited value to the users of the financial statements in the public sector.

**8. Do you support the enhanced approach in ED-570 that requires the auditor to design and perform audit procedures to evaluate management's assessment of going concern in all circumstances and irrespective of whether events or conditions have been identified that may cast significant doubt on the entity's ability to continue as a going concern?**

We do not support the enhanced approach in ED-570 that requires the auditor to design and perform audit procedures to evaluate management's assessment of going concern in all circumstances and irrespective of whether events or conditions have been identified that may cast significant doubt on the entity's ability to continue as a going concern.

Generally, going concern is not a significant issue for public sector entities. The increased requirements of the Exposure Draft will result in additional audit work being performed on management's assessment that has not been previously performed. There will be limited benefit to this additional work in the public sector.

We feel that additional audit procedures to evaluate managements' assessment of going concern should only be required if events or conditions have been identified that may cast significant doubt on the entity's ability to continue as a going concern.

**13. This question relates to the implications for the auditor's report for audits of financial statements of all entities, i.e., to communicate in a separate section in the auditor's report, under the heading "Going Concern" or "Material Uncertainty Related to Going Concern", explicit statements about the auditor's conclusions on the appropriateness of management's use of the going concern basis of accounting and on whether a material uncertainty has been identified.**

**Do you support the requirements and application material that facilitate enhanced transparency about the auditor's responsibilities and work relating to going concern, and do they provide useful information for intended users of the audited financial statements? Do the proposals enable greater consistency and comparability across auditor's reports globally?**

We do not support a separate section in the auditor's report related to going concern or an explicit statement in the auditor's report about the auditor's conclusions on the appropriateness of

management's use of the going concern basis of accounting and on whether a material uncertainty has been identified.

Generally, going concern is not a significant issue for public sector entities. Therefore, requiring this additional information in the auditor's report is not likely to add value to the users.

We do see a potential risk that this information may cause confusion as our auditor's report is on historical information, while the going concern conclusion is on future information. Additionally, it adds a conclusion within a conclusion (our overall opinion), which may also cause confusion as to why this part of our auditing standards needs to be highlighted.

We feel that current auditing standards provide sufficient information regarding going concern in the auditor's report. Additionally, as needed, there are other ways to provide additional information about going concern in the auditor's report, such as using Key Audit Matters, Emphasis of Matters, or Other Matters.

If you have any questions regarding the comments in this comment letter, please contact.

Sincerely,

Phil Torchia, CPA, CA  
Assistant Auditor General, Professional Practices and Quality Assurance