



**INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
OF UGANDA**

Our Ref: STA/001

15 August 2023

International Auditing and Assurance Standards Board (IAASB)
529 Fifth Avenue, 6th Floor,
New York, NY 10017
United States of America

Submitted via website: www.iaasb.org

Dear Sir/Madam,

**EXPOSURE DRAFT- PROPOSED INTERNATIONAL STANDARD ON AUDITING 570
(REVISED), GOING CONCERN AND PROPOSED CONFORMING AND CONSEQUENTIAL
AMENDMENTS TO OTHER ISAs**

The Institute of Certified Public Accountants of Uganda (ICPAU) appreciates the opportunity to respond to the **Exposure Draft- Proposed International Standard 570 (Revised), Going Concern and Proposed Conforming and Consequential Amendments to other ISAs.**

In a bid to collect views from our members in respect to the subject line, ICPAU conducted a survey on key issues addressed by the Exposure Draft. We herein attach our comments to the Exposure Draft (Appendix I) for your consideration. We hope you will find our comments helpful.

For any inquiries relating to this comment letter, kindly contact us at standards@icpau.co.ug.

Yours sincerely,

CPA Charles Lutimba
DIRECTOR STANDARDS AND REGULATION
For: **SECRETARY/CEO**

Appendix: Comments to the Exposure Draft: Proposed International Standard on Auditing 570 (Revised), Going Concern and Proposed Conforming and Consequential Amendments to other ISAs

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APPENDIX I: ICPAU'S COMMENTS ON THE IAASB EXPOSURE DRAFT- PROPOSED INTERNATIONAL STANDARD ON AUDITING 570 (REVISED), GOING CONCERN AND PROPOSED CONFORMING AND CONSEQUENTIAL AMENDMENTS TO OTHER ISAs

Overall Questions

Question 1: Do you agree that the proposals in ED-570 are responsive to the public interest, considering the qualitative standard-setting characteristics and project objectives that support the public interest as set out in Appendix 1?

Comment:

We believe that the proposals in ED-570 are responsive to the public interest as we strongly believe that they will lead to enhanced transparency through the promotion of increased communication with those charged with governance which will in turn work in public interest. We are especially appreciative of the fact that the proposals in ED-570 contain requirements for enhanced procedures in the assessment of the methods, assumptions and data used by management in the assessment of an entity's ability to continue as a going concern.

Question 2: Do you believe that the proposals in ED-570, considered collectively, will enhance and strengthen the auditor's judgements and work relating to going concern in an audit of financial statements, including enhancing transparency through communicating and reporting about the auditor's responsibilities and work?

Comment:

ICPAU believes that the proposals in ED-570, considered collectively, will enhance and strengthen the auditor's judgements and work relating to going concern in an audit of financial statements.

Question 3: Do you believe the proposed standard is scalable to entities of different sizes and complexities, recognising that general purpose financial statements are prepared using the going concern basis of accounting and that going concern matters are relevant to all entities?

Comment:

We believe that the proposed standard is scalable to entities of different sizes and complexities because the proposed standard allows for the nature and extent of the auditor's risk management procedures during going concern assessment to vary based on the nature and circumstances of the entity. We are especially appreciative of the fact that auditors will need to consider factors such as the entity and its environment, the applicable financial reporting framework and the entity's system of internal control. We strongly believe such considerations in going concern assessments enhance the scalability of the standard.

Question 4: Do the requirements and application material of ED-570 appropriately reinforce the auditor’s application of professional scepticism in relation to going concern?

Comment:

We believe that the requirements and application material of ED-570 appropriately reinforce the auditor’s application of professional skepticism in relation to going concern. We believe that proposals in the ED-570 will result in collection of more reliable audit evidence about management’s assessment of going concern.

Specific Questions

Question 5: Do you support the definition of material uncertainty (related to going concern)? In particular, do you support the application material to the definition clarifying the phrase “may cast significant doubt”?

Comment:

As indicated in the survey results in Appendix II, we support the proposed definition of material uncertainty (related to going concern) especially since it is consistent with the related definition in the IFRS Accounting standards such as IAS 1- Presentation of Financial Statements. We are also supportive of the application material to the definition clarifying the phrase “may cast significant doubt”. However, owing to its importance in the understanding of material uncertainty, we recommend that the definition of “may cast significant doubt’ be elevated from the application material to paragraph 10.

Question 6: Does ED-570 appropriately build on the foundational requirements in ISA 315 (Revised 2019) in addressing risk assessment procedures and related activities, to support a more robust identification by the auditor of events or conditions that may cast significant doubt on the entity’s ability to continue as a going concern?

Comment:

We believe that the proposals in the ED-570 appropriately build on the foundational requirements in ISA 315 (Revised 2019) in addressing risk assessment procedures and related activities to support a more robust approach in the identification of events or conditions that may cast significant doubt on the entity’s ability to continue as a going concern and enhance the procedures in ISA 315 (Revised 2019). We are appreciative of the inclusion of a description of the events or conditions that facilitate the going concern assessment in the application material.

Question 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 alternatives would you suggest (please describe why you believe such alternative(s) would be more appropriate and practicable)?

Comment:

We are supportive of the change in the commencement 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 because we believe that this will enable the inclusion of more current information in the going concern assessment as management will be forced to be more forward looking in their assessments.

Question 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 and conditions have been identified that may cast significant doubt on the entity's ability to continue as a going concern?

Comment:

ICPAU is supportive of 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 and conditions have been identified that may cast significant doubt on the entity's ability to continue as a going concern. This is because we believe that this will ensure a robust process of understanding the management process of assessing going concern and the identification of events and conditions that influence going concern status. We believe that this enhanced transparency in going concern assessment will increase public confidence in audits of financial statements of entities.

Question 9: Does ED-570 appropriately incorporate the concepts introduced from ISA 540 (Revised) for the auditor's evaluation of the method, assumptions and data used in management's assessment of going concern?

Comment:

We believe that the ED-570 appropriately incorporates the concepts from ISA 540 (Revised) in the auditor's evaluation of management's assessment of going concern. We recommend that paragraph (b) be expanded to read include management's judgements and assumptions on which management's assessment is based in the context of the applicable financial reporting framework.

Question 10: Do you support the enhanced requirements and application material as part of evaluating management’s plans for future actions, for the auditor to evaluate whether management has the intent and ability to carry out specific courses of action, as well as to evaluate the intent and ability of third parties or related parties, including the entity’s owner-manager, to maintain or provide the necessary financial support?

Comment:

We are supportive of the enhanced requirements and application material because we believe it will lead to a more robust approach to assessment of going concern.

Question 11: Will the enhanced requirements and application material to communicate with TCWG encourage early transparent dialogue among the auditor, management and TCWG, and result in enhanced two-way communication with TCWG about matters related to going concern?

Comment:

Yes, we believe that the enhanced requirements and application material to communicate with TCWG as this will result in enhanced communication and transparency in connection to going concern issues.

Question 12: Do you support the new requirement and application material for the auditor to report to an appropriate authority outside of the entity where law, regulation or relevant ethical requirements require or establish responsibilities for such reporting

Comment:

In light of the duty to act in public interest, we strongly support the requirement and application material for the auditor to report to an appropriate authority outside of the entity where necessary.

Question 13: 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?

Comment:

We support the requirements and application material that facilitate enhanced transparency about the auditor’s responsibilities and work relating to going concern. We also support the disclosure of the auditor’s conclusions about, and work related to going concern be addressed

in a separate section of the auditor's report. We believe this will enhance transparency about going concern.

Question 14: Do you support the requirements and application material that facilitate further enhanced transparency about the auditor's responsibilities and work relating to going concern? Should this be extended to also apply to audits of financial statements of entities other than listed entities?

Comment:

We are supportive of the requirements and application material that facilitate further enhanced transparency about the auditor's responsibilities and work relating to going concern during audits of entities other than listed entities. However, we recommend that Section 33 (b) be amended to ensure all auditors of listed entities provide a description of management's assessment of going concern irrespective of whether or not a material uncertainty related to going concern exists.

Question 15: Is it clear that ED-570 addresses all implications for the auditor's report relating to the auditor's required conclusions and related communications about going concern (i.e., auditor reporting is in accordance with ED-570 and not in accordance with ISA 701 or any other ISA)? This includes when a material uncertainty related to going concern exists or when, for audits of financial statements of listed entities, events or conditions have been identified that may cast significant doubt on the entity's ability to continue as a going concern but, based on the audit evidence obtained, the auditor concludes that no material uncertainty exists.

Comment:

We believe that the ED-570 addresses all implications for the auditor's report relating to the auditor's required conclusions and related communications about going concern except for instances which result in a disclaimer of opinion in accordance with ISA 705.

Question 16: Are there any other matters you would like to raise in relation to ED- 570? If so, please clearly indicate the requirement(s) or application material, or the theme or topic, to which your comment(s) relate.

Comment:

No additional comments.