Going Concern

Josephine Jackson
Going Concern Working Group (WG) Chair

IAASB Meeting
March 14-18 and 23, 2022
Monday, March 14th:
• IAASB’s feedback on the draft project proposal for the revision of ISA 570 (Revised), Going Concern

Friday, March 18th:
• Updated project proposal provided to IAASB

Wednesday, March 23rd:
• IAASB’s final feedback and approval of the project proposal
March 2022 CAG Discussion

- Overall strong support for the project to revise ISA 570 (Revised) from CAG members, including the project actions, and reaffirmed by PIOB observer.

- More detailed comments received related to the following areas:
  - Timely identification of events and conditions – Impact on other ROMMs
  - Timeline for the assessment – Caution that the timelines for the assessment is often closely linked with financial reporting requirements
  - Information from sources external to the entity – Strong caution on using the term readily available (doesn’t necessarily mean good evidence)
March 2022 CAG Discussion – cont.

- More detailed comments received cont.
  - Terminology – Support for clarifying terminology
  - Management’s assessment of going concern –
    - Strong support for a more robust evaluation and embedding concepts in ISA 540 (Revised)
    - Consider relationship between ISA 560 and ISA 570 (Revised)
  - Professional Skepticism –
    - Support for approach
    - Caution as to whether the approach to embed requirements related to professional skepticism separately in each subject matter standard remains appropriate
March 2022 CAG Discussion – cont.

- More detailed comments received cont.
  - Transparency – **Support for actions set out in the project proposal, particularly to improve informational content.**
  - Liaison with IASB –
    - Support for the continued efforts to coordinate and liaise with IASB
    - Caution that it would not be in the public interest for the IAASB to delay its project so it can align with the IASB’s time horizon.
  - CUSB – **Scalability and Proportionality**
Feedback from the SMPAG

• Overall Support for the project proposal
• May be a need for the development of limited non-authoritative guidance to address practical issues
• Support the action to consider whether it is necessary to define or describe MURGC and other terminology
• Reflecting the robust risk assessment and identification in ISA 315 (Revised 2019) in ISA 570 (Revised) is a sensible approach
• Clarity about when to use information from sources external to the entity is welcomed (along with additional guidance on relevance and reliability)
• Caution to maintain alignment between management and auditor’s responsibilities for going concern
Question 1

The Board is asked for its views on the draft project proposal presented in Agenda Item 2-A.
Question 1
The Board is asked for its views on the draft project proposal presented in Agenda Item 2-A.
In providing feedback, the IAASB is asked specifically for their views on the following:
(a) The proposed project objectives
Question 1

The Board is asked for its views on the draft project proposal presented in Agenda Item 2-A.

In providing feedback, the IAASB is asked specifically for their views on the following:

(b) Whether the key issues identified are complete and appropriately reflect the issues to be addressed by this project
(c) Whether the proposed actions to address the key issues identified appropriately address the identified issues to achieve the project objectives
Matters for the IAASB Consideration

Section V: The Key Issues Identified that will be Addressed by the Project

Section VI: Scope of the Project on Going Concern

• Paragraph 24: (d) – (g)
• Paragraph 32: AB.4 – AB.7

• Terminology
• Audit techniques – use of technology
• Management’s assessment of going concern
• Professional skepticism

Question 1

The Board is asked for its views on the draft project proposal presented in Agenda Item 2-A.

In providing feedback, the IAASB is asked specifically for their views on the following:

(b) Whether the key issues identified are complete and appropriately reflect the issues to be addressed by this project

(c) Whether the proposed actions to address the key issues identified appropriately address the identified issues to achieve the project objectives
Question 1

The Board is asked for its views on the draft project proposal presented in Agenda Item 2-A.

In providing feedback, the IAASB is asked specifically for their views on the following:

(b) Whether the key issues identified are complete and appropriately reflect the issues to be addressed by this project

(c) Whether the proposed actions to address the key issues identified appropriately address the identified issues to achieve the project objectives
Project Timeline and Key Milestones

**Q2–Q4 2022**
- Development of Exposure Draft (ED)

**Q1 2023**
- IAASB Approval of ED (March 2023)

**Q2–Q3 2023**
- Publish ED and seek input from stakeholders; ED comment period closes

**Q2 2024**
- IAASB Approval of ISA 570 (Revised 2024) (June 2024)

**Q4 2024**
- First time implementation support activities

**Q3 2024**
- PIOB approval of ISA 570 (Revised 2024)

**Q4 2024**
- IAASB deliberations and development of final pronouncement
Matters for the IAASB Consideration

**Question 1**
The Board is asked for its views on the draft project proposal presented in Agenda Item 2-A.
In providing feedback, the IAASB is asked specifically for their views on the following:
(d) The project timeline
Question 2

The Board is asked whether there are any other matters within the draft project proposal that the Going Concern WG should consider as it finalizes the project proposal, including any matters not already specifically addressed.