

# Going Concern

**Josephine Jackson**

**Going Concern Working Group (WG) Chair**

**IAASB Meeting**

**March 14-18 and 23, 2022**

# Agenda

## Monday, March 14<sup>th</sup>:

- IAASB's feedback on the draft project proposal for the revision of ISA 570 (Revised), *Going Concern*

## Friday, March 18<sup>th</sup>:

- Updated project proposal provided to IAASB

## Wednesday, March 23<sup>rd</sup>:

- 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.*
  - CUSP – *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

# Board Offline Comments

**1**

Greyed-out text

**2**Introduction – prior  
IAASB actions**3**

Objectives

**4**

Key issues

**5**Targeted proposed  
actions**6**CUSP Drafting  
Principles and  
Guidelines**7**Liaison with other  
IAASB WGs and  
TFs**8**

Timeline

**9**Information from  
sources external to  
the entity**10**Management's  
assessment of going  
concern**11**Professional  
skepticism**12**

Auditor reporting

**13**Stakeholders –  
IPSASB**14**Other jurisdictional  
changes

# Matters for the IAASB Consideration



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**Section I: Subject**  
**Section II: Introduction**

## Question 1

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

# Matters for the IAASB Consideration



**Section III:** Project Objectives that Support the Public Interest

**Section IV:** Stakeholders Impacted by a Project on Going Concern

## 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

# 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:** (a) – (c)
- **Paragraph 32:** AB.1 – AB.3

- Risk identification and assessment
- Timeline over which the going concern assessment is made
- Information from sources external to the entity

## 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

# 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: (h)
- Paragraph 32: C.8 – C.10

- Communication with TCWG
- Communication with appropriate external parties
- Transparency about going concern in the auditor's report

## Question 1

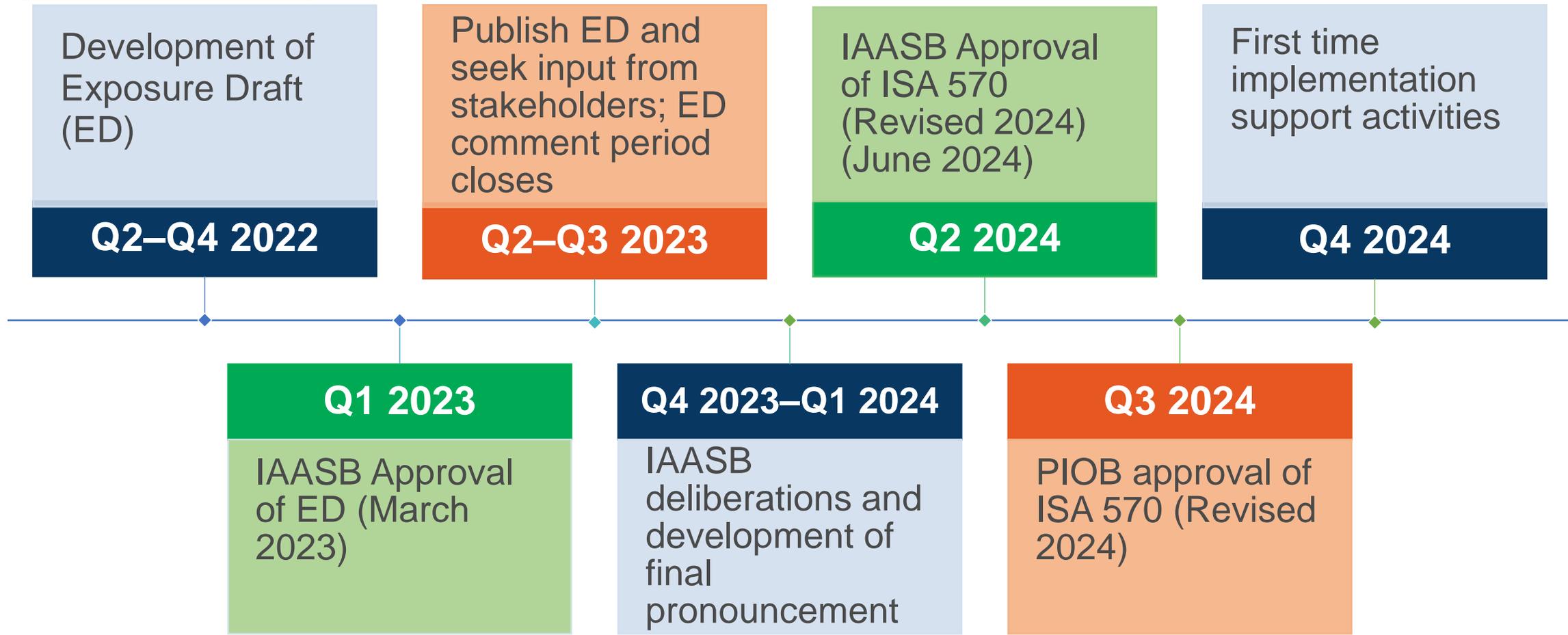
The Board is asked for its views on the draft project proposal presented in Agenda Item 2-A.

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



# Matters for the IAASB Consideration



**Section VII:** Project  
Timeline, Project  
Priorities and  
Resources

**Section VIII:** Project  
Output and Impact

## 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

# Matters for the IAASB Consideration

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## 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.

