

Going Concern in an Audit of Financial Statements – Issues Paper

Objective

The objective of the IAASB discussion in March 2022 is to approve a project proposal for the revision of ISA 570 (Revised)¹ and the related conforming and consequential amendments to other International Standards on Auditing (ISAs) set out in **Agenda Item 2-A**.

This Agenda item provides further information relevant to the:

- Development and structure of the draft project proposal which has been based on the recently approved [project proposal for the revision of ISA 240](#)² (Fraud Project Proposal) (see **Section II**); and
- Way forward (see **Section III**).

Approach to the Board Discussion

The Going Concern Working Group (WG) Chair will walk through the “Matters for IAASB Consideration” in the order as included in **Section II** of this paper.

A revised draft project proposal will be provided (posted) on **Friday, March 18, 2022**, for Board approval on **Wednesday, March 23, 2022**.

Prior to the March 2022 meeting, Board members are requested to provide any significant matters or matters of an editorial nature to the Going Concern WG by **March 10, 2022**. All significant matters should still be raised and discussed in the Board plenary session to ensure that these are on the public record. This process is to assist with the turnaround in the short timeframe.

I. Introduction

1. In May 2021, a comprehensive summary of the feedback received in response to the Discussion Paper (DP), [Fraud and Going Concern in an Audit of Financial Statements: Exploring the Differences Between Public Perceptions About the Role of the Auditor and the Auditor’s Responsibilities in a Financial Statement Audit](#), and other information-gathering and research activities (see **Appendix A** of **Agenda Item 2-A**³) about going concern in an audit of financial statements was provided and discussed with the IAASB (see [Agenda Item 5](#)).
2. At the May 2021 meeting the Board:
 - (a) Discussed the key public interest topics from respondent’s comments to the various matters that were covered in the DP to help identify and prioritize the matters that should be considered as part of the scope of a proposed project on going concern; and
 - (b) Provided views to the Going Concern WG on the proposed possible actions for the matters identified from the feedback relating to the auditor’s responsibilities and work related to going

¹ International Standard on Auditing (ISA) 570 (Revised), *Going Concern*

² ISA 240, *The Auditor’s Responsibilities Relating to Fraud in an Audit of Financial Statements*

³ **Appendix A** has been updated for information gathering and research activities that have occurred post May 2021.

concern.

3. The IAASB was broadly supportive that the Going Concern WG continue exploring each of the topics as outlined in the meeting papers. Specific comments and views were noted by the Board for further consideration. An extract of the approved May 2021 IAASB mid-quarter meeting minutes can be found in **Appendix 1**.
4. Since May 2021, the Going Concern WG has undertaken further information gathering and outreach, including initiating a request for information from national standard setters (NSS) about the time period for management’s assessment of going concern specific to local jurisdictions and liaised with the International Accounting Standards Board (IASB) to discuss various themes from the DP related to going concern that are of relevance for both IAASB and the IASB. The Going Concern WG also leveraged the stakeholder feedback from the auditor reporting post-implementation review and considered the Auditor Reporting Implementation Group’s recommendations related to going concern matters.⁴
5. The perspectives provided by the Board in May 2021, together with the information gathering and outreach, further informed and provided directional input to the Going Concern WG for developing the draft project proposal on going concern (draft project proposal) set out in **Agenda Item 2-A**, which is subject to discussion and approval at the March 2022 IAASB meeting.

Materials Presented—Appendices and Other Agenda Items Accompanying This Paper

6. This Agenda Item includes the following appendices and supplements:

Appendix 1	Approved minutes from the IAASB May 2021 mid-quarter meeting
Appendix 2	Mapping of the possible actions presented to the IAASB in May 2021 to the scope of the proposed project on going concern
Appendix 3	Going Concern WG members and update on activities since the May 2021 IAASB mid-quarter meeting
Agenda Item 2-A	IAASB’s draft project proposal on going concern

II. Draft Project Proposal on Going Concern

7. This section provides further information relevant to the development and structure of the draft project proposal. This section does not cover all elements of the draft project proposal, and merely highlights key factors considered by the Going Concern WG in developing the draft project proposal.

Overview

8. **Section II** of the draft project proposal (see **Agenda Item 2-A**) acknowledges the broad array of challenges that have influenced the project on going concern, including those that have been exacerbated more recently by the ongoing COVID-19 pandemic. In addition, continued calls from the PIOB, and other stakeholders, have encouraged the IAASB to consider what more can be done by

⁴ See the Auditor Reporting Implementation project [page](#).

auditors as it relates to going concern since the completion of the Auditor Reporting project⁵ in 2015.

Basis of a Draft Project Proposal on Going Concern

9. The basis for the proposed actions in the draft project proposal is the extensive information gathering and research activities undertaken since March 2020, which are in line with the IAASB's [Framework for Activities](#) (the "Framework").
10. The "Introduction" (i.e., **Section II**) and **Appendix A** to the draft project proposal (see **Agenda Item 2-A**) sets out the extensive range of activities undertaken. Input from IAASB members has also been instrumental in developing the draft project proposal.
11. The project is considered a standard setting project undertaken in accordance with Component II of the Framework for revising and developing standards and follows the IAASB's due process and working procedures.

Overall Structure, Including Incorporating Elements of the PIF

12. In order to streamline the IAASB's project proposals, the overall structure of the draft project proposal leverages the structure of the recently approved Fraud Project Proposal. Accordingly, to facilitate the Board's review, the text and paragraphs highlighted in grey in **Agenda Item 2-A** are carried over from the Fraud Project Proposal with no, or limited, modification.
13. Similar to the approved Fraud Project Proposal, in developing this draft project proposal the Going Concern WG considered and incorporated elements, tailored as appropriate to a project on going concern, of the [Public Interest Framework for the Development of the International Audit-Related Standards](#) (PIF)⁶ published by the Monitoring Group in July 2020 as part of their report "*Strengthening the International Audit and Ethics Standard-Setting System.*"

Objectives of the Proposed Project on Going Concern

14. The objectives outlined in paragraph 17 of the draft project proposal (see **Agenda Item 2-A**) support three areas of public interest that are to be addressed by a project on going concern.
15. The Going Concern WG intends for each of the proposed objectives to be of equal importance to a project on going concern. Consequently, the order in which the objectives are listed does not have, and is not intended to have, any bearing with respect to the approach and consideration of how the public interest will be addressed, where such approach is governed by the PIF.

Scope of the Proposed Project on Going Concern

16. The proposed actions of the draft project proposal to address the key issues identified on going concern, primarily focus on standard setting. These standard-setting actions are intended to address

⁵ In December 2011, the IAASB approved a project aiming to enhance the communicative value and relevance of the auditor's report through proposed revisions to several ISAs that address its structure and content. The new and revised Auditor Reporting Standards were issued in January 2015 and became effective for audits of financial statements for periods ending on or after December 15, 2016. See the Auditor Reporting project [page](#) for further information.

⁶ The PIF provides a framework for the development and oversight of international audit-related standards that are responsive to the public interest and sets out considerations essential to the judgments needed by the IAASB when developing standards. The PIF, together with the IAASB's due process, articulates the public interest responsiveness of setting international audit-related standards.

targeted revisions of ISA 570 (Revised), rather than a comprehensive revision of the standard. Accordingly, paragraph 1 of the draft project proposal (see **Agenda Item 2-A**) was added to emphasize this point.

17. The project envisages the development of limited non-authoritative guidance (see paragraph 36 of **Agenda Item 2-A**). It also outlines actions for continued dialogue and engagement on issues requiring efforts from others in the financial reporting ecosystem. In order to facilitate this ongoing dialogue and engagement, the IAASB will use its global voice to encourage others i.e., those who have a role to play, to act where appropriate. In addition, the Going Concern Task Force will consider over the course of the project, what aspects of the matters raised and included as part of the proposed actions, if any, may be best addressed by other education activities (see paragraph 37 of **Agenda Item 2-A**).
18. In progressing the work on the project, the Going Concern WG intends to coordinate and collaborate with various IAASB task forces, working groups and consultation groups in addressing the key issues identified in order to enable a timely and effective response to the issues raised by stakeholders (see paragraph 38 of **Agenda Item 2-A**).

Proposed Actions to Address the Key Issues Identified

19. In response to the comments received at the May 2021 IAASB meeting, the Going Concern WG has further refined the proposed actions. **Appendix 2** provides a mapping of the possible actions presented to the IAASB in May 2021 to the proposed actions to address the key issues identified i.e., the scope of the draft project proposal on going concern.
20. In developing the draft project proposal, the Going Concern WG agreed that where mixed views were expressed or further consideration of the proposed action is required, the wording used to formulate the proposed action be less definitive i.e., the words “consider” or “considering” were used. These include actions to:
 - (a) Consider
 - (i) Extending the timeline for the assessment period to at least twelve-months from the date of approval of the financial statements, or the date the auditor’s report is signed.
 - (ii) Enabling the auditor to challenge the reasonableness of management’s assessment period based on conditions specific to the entity’s facts and circumstances.
 - (b) Consider if it is necessary to describe or define material uncertainty related to going concern (“MURGC”) and enhance application material to clarify key concepts such as “significant doubt,” and other related terminology.
 - (c) Consider enhancing auditor reporting for situations where:
 - (i) The auditor concludes that no material uncertainty exists, and management’s use of the going concern assumption is appropriate.
 - (ii) Significant judgment was required to conclude that no material uncertainty related to going concern exists, after having identified events or conditions that may cast significant doubt on the entity’s ability to continue as a going concern (i.e., “close call” situations).
 - (iii) A MURGC paragraph is required (i.e., to expand the informational content of such paragraph in a “Key Audit Matter-like” style to describe how the auditor addressed this matter in the audit).

21. There is one matter where no further action has been proposed by the Going Concern WG. This matter relates to the further analysis of prior corporate failures that was previously discussed with the Board at the May 2021 meeting. Specifically, the Going Concern WG noted and agreed with the Board's caution against pursuing further analysis of prior corporate failures given the extensive information gathering and research undertaken, including analysis of academic and other literature, to support the basis for the draft project proposal. The Going Concern WG anticipates that it is unlikely that substantially new issues would emerge because of further analysis of corporate failures. In addition, undertaking such analysis would redirect the IAASB's resources on the project which would then need to be considered when developing the proposed project timetable (see paragraphs 40-43 of **Agenda Item 2-A**).

Liaison with the IASB

22. From the feedback to the DP, respondents emphasized the importance of collaborating with other parties in the financial reporting ecosystem to address public interest issues surrounding going concern. In doing so, respondents commented that the going concern disclosure requirements for management should be enhanced, recognizing that this would require changes to the applicable financial reporting framework. Respondents also cautioned the IAASB against making changes to the auditing standards that are not aligned with requirements in the applicable financial reporting framework. While changes to the applicable financial reporting framework are outside the remit of the IAASB, respondents encouraged the IAASB to liaise with the IASB on this topic (see paragraph 25 of **Agenda Item 2-A**).
23. Recognizing the importance of the financial reporting standards in relation to going concern, the IAASB in its [response](#) to the IASB's Request for Information, [Third Agenda Consultation](#), strongly encouraged the IASB to further consider undertaking a going concern research project to identify whether changes are needed in the financial reporting standards.
24. In February 2022, the IASB provided the IAASB with a [Technical Update](#). As part of the update, the IASB provided an overview of the stakeholder feedback received from its Third Agenda Consultation as it related to the IASB's future work plan. The feedback received noted that going concern was one of the most commonly suggested projects.⁷ However, the IASB observed that it remained devoted to projects already underway, and that it was premature to commit to which of the suggested projects would be added to its work plan at this time. In addition, it was noted that the IASB should not add too many new projects to the work plan as capacity will be needed to deal with emerging issues and enable interactions with the International Sustainability Standards Board. Feedback provided by both an IAASB member, and the PIOB observer, reiterated support for a project on going concern.
25. Accordingly, the draft project proposal has included a specific action to highlight the need to have continued dialogue and engagement with others, including with the IASB for actions not within, or solely within, the IAASB's remit (see paragraph 37 of **Agenda Item 2-A**).

Project Timeline, Project Priorities and Resources

26. It is contemplated that the project on going concern will be completed over a period of approximately 2 years, with an IAASB approval of a revised standard in June 2024. In developing the timeline to

⁷ The five most commonly suggested projects included in the IASB Technical Update (listed in alphabetical order) are: climate related risks, cryptocurrencies and related transactions, going concern, intangible assets and statement of cash flow and related matters.

completion, due consideration was given to the available IAASB time for plenary sessions, Board priorities and commitments to other IAASB ongoing projects.

27. The Going Concern WG discussed that while it is recognized that the proposed actions are targeted to specific areas where enhancements or clarifications are being proposed, the timeframe as proposed in the recently published [IAASB Detailed Quarterly Work Plan Table for 2022–2023](#) (work plan table) may be overly ambitious and that more time would be necessary to develop responses to all proposed actions for the Exposure Draft (ED) that is reflective of the IAASB’s objective of setting high quality auditing standards. The Going Concern WG also remained mindful that it would not be in the public interest to overly extend the project and on balance believe that it would be prudent to propose an extension of only one quarter (i.e., for the ED to be approved in March 2023, instead of December 2022 as proposed in the work plan table). Under the IAASB’s Due Process and Working Procedures, the exposure period is ordinarily 120 days, however a shorter or longer exposure period may be set when appropriate. It is therefore anticipated that the completed standard would be approved in June 2024.
28. The Going Concern WG discussed that if there are opportunities to advance the targeted timing, the Going Concern Task Force will adjust its activities accordingly, and new targeted timelines will be communicated.
29. The Going Concern WG acknowledged in the draft project proposal that there are other ongoing standard-setting projects⁸ that are presently considering actions related to enhanced transparency that may also result in changes to the auditor’s report.⁹ It will therefore likely be necessary to consider collectively all the proposed changes to the auditor’s report resulting from the various IAASB projects when addressing the effective date(s) of such proposed changes (i.e., from the perspectives of both market impact (stakeholders’ needs) and the most effective implementation of different changes resulting from related projects that may be completed in relatively short succession).

Matters for the IAASB Consideration:

1. The Board is asked for its views on the draft project proposal presented in **Agenda Item 2-A**. For the purposes of this discussion, the Going Concern WG Chair will walk through each section of the project proposal as follows:
 - (i) Sections I–II
 - (ii) Sections III–IV
 - (iii) Sections V–VI
 - (iv) Sections VII–VIIIIn providing feedback, the IAASB is asked specifically for their views on the following:
 - (a) The proposed project objectives;

⁸ In IAASB’s work plan, there are three standard setting projects that are considering revisions related to enhanced transparency in the auditor’s report for their respective subject matters, including: the Going Concern, Fraud and the Listed Entity and Public Interest Entity projects.

⁹ The Fraud Project Proposal notes that the IAASB is proposing to approve an exposure draft in June 2023, and a final ISA 240 (Revised), subject to due process approval by the PIOB, during the period from July through December 2024.

- (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; and
 - (d) The project timeline.
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.
 3. The Board is asked to approve the project proposal on going concern. (This question will be addressed on Wednesday, March 23, 2022).

III. Way Forward

30. Subject to the Board's approval of the project proposal on going concern, the Going Concern WG would be reconstituted as the Going Concern Task Force and as such it would progress forward the proposed activities of the project.

For the next IAASB meeting in June 2022, the Going Concern Task Force intends to discuss and bring to the Board for input certain proposed actions included in the scope of the project proposal.

Appendix 1

Extract from the Approved May 2021 Mid-Quarter IAASB Meeting Minutes

Ms. Jackson provided an overview of feedback received on the Discussion Paper¹⁰ and other information-gathering activities and referenced the identified public interest issues as set out in **Agenda Item 5**.

PUBLIC INTEREST ISSUES

The Board broadly supported the identified public interest issues but asked for the public interest issues to be described in more detail in the project proposal.

SUMMARY OF FEEDBACK RECEIVED

The Board agreed that the message from stakeholders with regard to issues and challenges in ISA 570 (Revised)¹¹ does not require a fundamental rewrite of the standard, but rather targeted updates in certain areas.

The Board noted the importance of focusing on actions that are within the Board's control and encouraged further exploration of the possible actions set out by the Going Concern Working Group. The Board also noted the importance of liaising with the International Accounting Standards Board and other accounting standard setters.

The Board emphasized the need for a multi-stakeholder approach to address the issues raised related to going concern and encouraged engaging with others on this topic.

POSSIBLE ACTIONS

The Board provided feedback on possible actions set out by the Going Concern Working Group, which had been developed for each of the matters identified from the responses to the Discussion Paper and input from the other information-gathering activities. The Board broadly supported further exploration of the possible actions presented and:

- Noted that further understanding the root cause of corporate failures may be useful but cautioned against spending too much time on that exercise given the breadth of information-gathering activities undertaken and evidence already collected.
- Noted that collaboration between the Fraud Working Group and Going Concern Working group will be important going forward.
- Broadly agreed with the recommendation to not further refine the description of the “expectation gap,” or further exploring the primary causes of the expectation gap. However, the Board encouraged consideration of educational support materials and continued dialogue with others.
- Broadly supported efforts to explore enhancement of linkages to other ISAs. In that regard the Board cautioned not to add further complexity or solely repeat content from other ISAs.
- Broadly supported efforts to explore how to emphasize and enhance the concept of professional skepticism. In that regard the Board noted that the Going Concern Working Group should monitor

¹⁰ Discussion Paper, [Fraud and Going Concern in an Audit of Financial Statements: Exploring the Differences Between Public Perceptions About the Role of the Auditor and the Auditor's Responsibilities in a Financial Statement Audit](#)

¹¹ ISA 570 (Revised), *Going Concern*

how this issue will be addressed in the IAASB’s Audit Evidence and Fraud workstreams.

- Broadly supported efforts to explore how to enhance the standard for a more robust challenge of management’s evaluation of the entity’s going concern and encouraged the Working Group to consider whether this would be needed in entities that have no significant risk factors related to their ability to continue as a going concern. The Board also noted that alignment with management’s responsibilities under the applicable financial reporting framework would be important.
- Broadly supported exploration of developing or revising definitions for terminology used in ISA 570 (Revised), such as “Material Uncertainty Related to Going Concern” or “Going Concern” but cautioned against changes that do not align with the applicable financial reporting framework.
- Broadly supported exploring an extension of the time horizon over which the going concern assessment is made for management’s assessment but noted that alignment with management’s responsibilities under the applicable financial reporting framework would be important.
- Broadly supported exploring enhanced transparency in the auditor’s report, particularly in situations where there is a “close call.” The Board cautioned that enhancements in this area should not result in boilerplate material in the auditor’s report.
- Broadly supported further actions clarify the difference between the Key Audit Matter section of the auditor’s report and the section related to a Material Uncertainty Related to Going Concern.

IAASB CAG CHAIR’S REMARKS

Mr. Dalkin supported the direction of the IAASB’s work related to going concern.

PIOB OBSERVER’S REMARKS

Mr. Hafeman noted that the Board’s action on going concern is welcome and in the public interest. He noted that it is encouraging that the IAASB is prepared to move forward, so that improvements can be made regardless of the extent of actions taken by financial reporting standard setters and others. He suggested that the Board should be more specific about the nature of the issues and the Board’s goals in trying to address the issues. He also noted that reporting to regulators of an auditor’s concerns about an entity may be required for prudentially regulated entities.

WAY FORWARD

The Going Concern Working Group will develop a project proposal, which is planned to be presented to the Board at its March 2022 meeting.

Appendix 2

Mapping of the Possible Actions Presented to the IAASB in May 2021 to the Scope of the Proposed Project on Going Concern

Possible Action as presented in May 2021 (Ref. Agenda Item 5, Section III)	Proposed Scope in draft project proposal (Ref. Agenda Item 2-A, Section VI)	
	Paragraph	Description
<p>#1: Expectation Gap</p> <p><i>The Board agreed with the Going Concern WG proposals that no further action is needed to develop a definition or description of the expectation gap.</i></p>	n/a	n/a
<p>#2: Collaboration – With Others</p> <p><i>Continued outreach and the importance of the role of other stakeholders in the financial reporting ecosystem.</i></p>	Para. 37	<i>Other actions will focus on continued dialogue and engagement on issues requiring efforts from others in the financial reporting ecosystem, including the IASB.</i>
<p>#2: Collaboration – With Others</p> <p><i>Coordination with other IAASB projects and IESBA¹²</i></p>	Paras. 38 – 39	<p><i>Coordination and collaboration with other IAASB task forces, working groups and consultation groups in addressing key issues identified that may also relate to other IAASB projects.</i></p> <p><i>Coordination and collaboration with IESBA on the proposed changes in the project to revise ISA 570 (Revised) that may impact the work of the IESBA.</i></p>
<p>#2: Collaboration – Enhance Understanding of the Issues</p> <p><i>Work performed by others</i></p>	Para. 34	<i>Monitoring changes that are being considered or have been made in other jurisdictions to their going concern-related standards.</i>
<p>#2: Collaboration – Enhance Understanding of the Issues</p> <p><i>Root cause analysis</i></p>	n/a	<i>As discussed in paragraph 21 of this issues paper, the Going Concern WG considers that a sufficient body of evidence was obtained through information gathering activities performed to date to support the development of the draft project proposal. The Going Concern WG will continue to be</i>

¹² The International Ethics Standards Board for Accountants.

Possible Action as presented in May 2021 (Ref. Agenda Item 5, Section III)	Proposed Scope in draft project proposal (Ref. Agenda Item 2-A, Section VI)	
	Paragraph	Description
		<i>informed through consultation and outreach activities with relevant stakeholders as the project progresses.</i>
<p>#2: Collaboration – Educational Efforts</p> <p><i>Consider educational efforts, including developing educational support materials to facilitate enhanced understanding of the roles of each party in the ecosystem.</i></p>	Para. 37	<i>The Going Concern WG believes that the continued dialogue and engagement on issues requiring efforts from others, and the IAASB’s ongoing engagement with stakeholders is a sufficient and appropriate action to encourage others i.e., those who have a role to play, to act in order to assist with fostering an enhanced understanding of the roles of each party in the financial reporting ecosystem. In addition, the Going Concern Task Force will consider over the course of the project what aspects of the matters raised and included as part of the proposed actions, if any, may be best addressed by other educational activities.</i>
<p>#3: Enhanced Linkages</p> <p><i>Enhance linkages to ISA 315 (Revised 2019)¹³ and ISA 540 (Revised)¹⁴</i></p>	Para. 32; AB1 Para. 32; AB6	<i>Standard Setting – Risk Identification and Assessment</i> <i>Standard Setting – Management’s Assessment of Going Concern</i>
<p>#4: Professional Skepticism</p> <p><i>Emphasize the concept of professional skepticism in ISA 570 (Revised) in a manner similar to recently issued standards.</i></p>	Para. 32; AB7	<i>Standard Setting – Professional Skepticism</i>
<p>#5: Definition of MURGC and Other Terminology</p> <p><i>Explore adding MURGC as a defined term, while remaining cognizant of alignment between the applicable accounting framework and the auditing standards.</i></p>	Para. 32; AB4	<i>Standard Setting – MURGC and Other Terminology in ISA 570 (Revised)</i>

¹³ ISA 315 (Revised 2019), *Identifying and Assessing the Risk of Material Misstatement*

¹⁴ ISA 540 (Revised), *Auditing Accounting Estimates and Related Disclosures*

Possible Action as presented in May 2021 (Ref. Agenda Item 5, Section III)	Proposed Scope in draft project proposal (Ref. Agenda Item 2-A, Section VI)	
	Paragraph	Description
<p>#6: More Robust Challenge of Management</p> <p><i>Enhance the rigor around the auditor's evaluation of management's going concern assessment.</i></p>	Para. 32; AB6	<i>Standard Setting – Management's Assessment of Going Concern</i>
<p>#7: Timeline for Assessment</p> <p><i>Explore extending the timeline for assessment period to at least twelve months from the date the financial statements are approved, or the date the auditor's report is signed.</i></p>	Para. 32, AB2	<i>Standard Setting – Timeline for Assessment</i>
<p>#8: Technology and Other Tools</p> <p><i>Updating and enhancing ISA 570 (Revised) to modernize for technology and other tools.</i></p>	Para. 32, AB5	<i>Standard Setting – Technology</i>
<p>#9: Other Enhancements</p> <p><i>Considerations when written evidence of third-party intent is provided and for external publicly available information in assessing risks related to going concern.</i></p>	Para. 32, AB3	<i>Standard Setting – Information from Sources External to the Entity</i>
<p>#9: Other Enhancements</p> <p><i>Monitoring progress on the Complexity, Understandability, Scalability and Proportionality (CUSP) project related to audit documentation and considering whether additional specific documentation requirements are needed in ISA 570 (Revised) as the project progresses.</i></p>	Para. 35	<i>In revising ISA 570 (Revised), the Going Concern Task Force will follow the CUSP Drafting Principles and Guidelines, including those on documentation. The need for specific documentation requirements in ISA 570 (Revised) will be considered, as appropriate, once the other changes within the standard have been developed.</i>
<p>#9: Other Enhancements</p> <p><i>Consideration of whether additional application material relevant to the public sector is necessary.</i></p>	Para. 35	<i>In revising ISA 570 (Revised), the Going Concern Task Force will follow the CUSP Drafting Principles and Guidelines, including those for considerations specific to the public sector.</i>

Possible Action as presented in May 2021 (Ref. Agenda Item 5, Section III)	Proposed Scope in draft project proposal (Ref. Agenda Item 2-A, Section VI)	
	Paragraph	Description
<p>#9: Other Enhancements</p> <p><i>The Board agreed with the Going Concern WG proposal for no further actions related to resiliency or sustainability measures based on the responses to the DP. It was noted that this is an emerging area and may be considered as a topic in Category A of the IAASB Framework for Activities.</i></p>	n/a	n/a
<p>#10: Enhanced Procedures Only for Certain Entities or Only in Specific Circumstances</p>	Paras. 35 and 38	<p><i>In revising ISA 570 (Revised), the Going Concern Task Force will follow the CUSP Drafting Principles and Guidelines, including scalability and proportionality when considering enhancements that will be in the scope of the project</i></p> <p><i>Coordination and collaboration with the Listed Entity and Public Interest Entity (PIE) Task Force when considering whether enhanced requirements may be appropriate for certain entities or in certain circumstances, and with the Less Complex Entities (LCE) Task Force when considering examples that are more relevant to LCEs.</i></p>
<p>#11: Enhanced Transparency – <i>With Those Charged With Governance (TCWG)</i></p>	Para. 32; C8	<i>Standard Setting – Communication with TCWG</i>
<p>#12: Enhanced Transparency – <i>In the Auditor’s Report</i></p>	Para. 32; C10 Para. 36	<p><i>Standard Setting – Transparency About Going Concern in the Auditor’s Report</i></p> <p><i>Developing Non-Authoritative Guidance – Auditor Reporting Requirements</i></p>
<p>#13: Enhanced Transparency – <i>Other Actions</i></p>	Para. 32; C9	<i>Standard Setting – Communication with Appropriate External Parties</i>

Possible Action as presented in May 2021 (Ref. Agenda Item 5, Section III)	Proposed Scope in draft project proposal (Ref. Agenda Item 2-A, Section VI)	
	Paragraph	Description
<p>#14: Enhancements to the Applicable Financial Reporting Framework</p> <p><i>Enhancements to the applicable financial reporting framework are outside the remit of the IAASB, but this is an area where the IAASB will continue to work collaboratively with accounting standard-setters.</i></p>	Para. 37	<p><i>Other actions that will focus on continued dialogue and engagement on issues requiring efforts from others in the financial reporting ecosystem, including the IASB, as well as outreach activities to be undertaken as the project progresses.</i></p>
<p>#15: Considerations for Audits of LCEs</p> <p><i>Consideration of whether the current application material related to LCEs is sufficient to address scalability.</i></p>	Paras. 35 and 38	<p><i>In revising ISA 570 (Revised), the Going Concern Task Force will follow the CUSP Drafting Principles and Guidelines, including those for considerations related to smaller entities / LCEs.</i></p> <p><i>Coordination and collaboration with the LCE Task Force when considering examples to illustrate proportionality and scalability of the requirements.</i></p>

Appendix 3

Going Concern WG Members and Update on Activities Since the May 2021 IAASB Mid-Quarter Meeting

Going Concern WG Members

1. The Going Concern WG consists of the following members:
 - Josephine Jackson, Chair
 - Edo Kienhuis
 - Wendy Stevens
 - Isabelle Tracq-Sengeissen
 - Rene Herman
 - Susan Jones
2. Information about the project can be found [here](#).

Going Concern WG Activities

3. The Going Concern WG held 4 virtual meetings since May 2021.
4. In July 2021, Staff of the IAASB and IASB discussed various themes from the responses to the DP related to going concern that are of relevance for both IAASB and the IASB.
5. In November 2021, information was sought from NSS about the time period for management's going concern assessment specific to local jurisdictions.
6. In February 2022, the IASB provided a Technical Update to the IAASB, which included among other matters, an update of new financial reporting issues that could be given priority in IASB's future work plan based on stakeholder feedback provided to their Third Agenda Consultation.

Coordination with Other Workstreams

7. Josephine Jackson and Edo Kienhuis are members of the IAASB-IASB Liaison Working Group and participate in all activities related to the ongoing liaison with the IASB, including providing inputs to written comments to the IASB in relation to potential verifiability or auditability issues arising from their proposals.