Going Concern

Josephine Jackson
Going Concern Task Force (GC TF) Chair

IAASB Meeting
March 20-24, 2023

Going Concern Task Force



Agenda

Monday, March 20th:

- IAASB's feedback on the exposure draft (ED) for Proposed ISA 570 (Revised 202X), *Going Concern*

Thursday, March 23rd:

- Updated ED for Proposed ISA 570 (Revised 202X) provided to IAASB

Friday, March 24th:

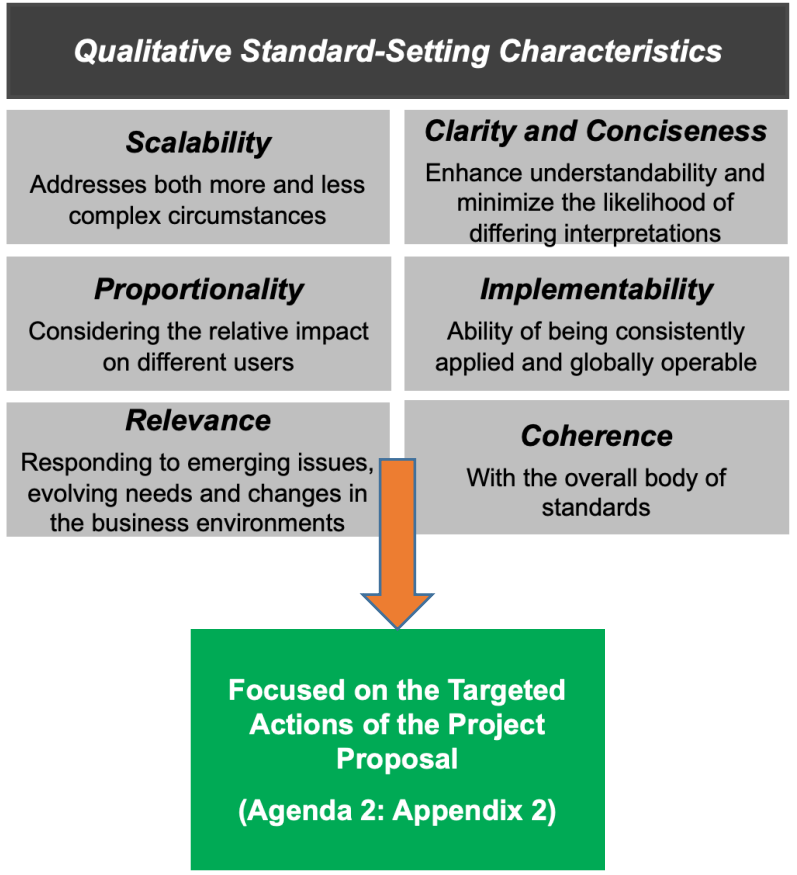
- IAASB's final feedback and vote to approve the ED for Proposed ISA 570 (Revised 202X)

Recap - Project Objectives that Support the Public Interest

A. Promote consistent practice and behavior and facilitate effective responses to identified risks of material misstatement related to going concern.

B. Strengthen the auditor's evaluation of management's assessment of going concern, including reinforcing the importance, throughout the audit, of the appropriate exercise of professional skepticism.

C. Enhance transparency with respect to the auditor's responsibilities and work related to going concern where appropriate, including strengthening communications and reporting requirements.



March 2023 CAG Discussion

Overall:

- Broad support for the proposals in the ED
- Support for continued engagement and dialogue with the IASB in post-exposure period and alignment and consistency with language in IFRS Accounting Standards.

Timeline over which the going concern assessment is made:

- Remain mixed views over the practicality of the proposals
- Suggestions to differentiate the requirement to extend the commencement date – i.e., to apply only for audits of PIEs

Transparency about going concern in the auditor's report:

- Broad support for enhanced transparency in the auditor's report
- Support for guidance on providing original and entity-specific information in the auditor's report

Feedback from the SMPAG

Overall:

- Support for issuing the ED for public comment

Timeline over which the going concern assessment is made:

- Remain concerned over the practicality of the proposals for SMPs/SMEs

Scalability Considerations:

- Support - add that the examples are not intended to be exhaustive (i.e., other conditions could limit an SME's ability to continue as a going concern)

Other matters:

- Support for coordination with the fraud task force and for alignment of effective dates
- Support for a longer implementation period than 18 months after approval of the final pronouncement

Key Themes from Board Offline Comments

Scope Para. A1	Further clarity about the relationship with ISA 701
Management's Assessment Para. 20	Earlier placement of the request to management to make its assessment
Concluding Para. 32	Add a "going concern lens" to the stand-back
Reporting Para. 35(b)	Further clarity about the scope of the requirement

Matter for IAASB Consideration



Proposed ISA 570 (Revised 202X)

Agenda Item 2-B; Agenda Item 2, Section I

Question 1

The Board is asked for its views on the proposed changes to the draft of proposed ISA 570 (Revised 202X) in **Agenda Item 2-B**, including on the matters discussed in **Agenda Item 2**, **Section I**.

Matter for IAASB Consideration



Proposed Conforming and Consequential Amendments

Agenda Item 2-D; Agenda Item 2, Section II

Question 2

The Board is asked for its views on the conforming and consequential amendments, as presented in **Agenda Item 2-D**, including on the matters discussed in **Agenda Item 2**, **Section II**.

Matter for IAASB Consideration



Other Matters

Agenda Item 2, Section III

Question 3 will be discussed on Friday, March 24th during the plenary session to approve the ED.

Question 3

The Board is asked for its views on the matters in **Agenda Item 2**, **Section III**, in particular in relation to the exposure period and timing of completion, the proposed implementation period and the effective date.

Matter for IAASB Consideration



Matters for the Explanatory Memorandum

Agenda Item 2, Section IV

Question 4

The Board is asked whether there are any key matters, other than those noted in **Agenda Item 2**, **Section IV**, that should be addressed in the Explanatory Memorandum.

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