

## Going Concern – Question 12

**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?**

### Q12 - Agree

#### 2. Regulators and Audit Oversight Authorities

##### Botswana Accountancy Oversight Authority (BAOA)

We support the new requirement introduced in the ED for the auditor to consider whether law or regulation require or establish responsibilities under which reporting is required to an appropriate authority for circumstances when a Material Uncertainty Related to Going Concern is included in the Auditor's report or a modified opinion is issued. This will enable the Regulatory Authority to take necessary corrective action. Furthermore, the Auditor would have fulfilled their legal, regulatory, and ethical requirements responsibilities. The provision aligns to non-compliance with laws and regulations as provided in the IESBA Code of Ethics and is in the public interest.

#### 3. Jurisdictional and National Auditing Standard Setters

##### Australian Auditing and Assurance Standards Board (AUASB)

The AUASB supports 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.

##### Austrian Chamber of Tax Advisors and Public Accountants (KSW)

We support the emphasis on this possible regulation, although this is already apparent from the respective local laws.

##### Canadian Auditing and Assurance Standards Board (AASB)

We support the new requirement. We believe that timely external reporting, when required by law or regulation, is particularly important for audits of banks and other deposit-taking institutions.

##### Compagnie Nationale des Commissaires aux Comptes and Conseil National de l'Ordre des Experts-Comptables (CNCC & CNOEC)

We are fully supportive as statutory auditors in France do have such a responsibility.

Indeed, the French law provides for specific reporting responsibilities on the part of the statutory auditors in case it comes across with going concern uncertainties in the course of its audit. It is a specific legal procedure (named "Procédure d'Alerte", "Early warning procedure") in case of going concern uncertainties, which requires the statutory auditor to enquire from Management how the latter intends to tackle the difficulties. It also requires the statutory auditor to escalate the Going concern issue to those charged with governance in case the response from Management is not considered sufficient to tackle the issue and ultimately, to inform the Tribunal of commerce if neither Management nor those charged with Governance provide the statutory auditor with a convincing plan of how they intend to overcome the difficulty.

## **New Zealand Auditing and Assurance Standards Board (NZAuASB)**

Yes

### **4. Accounting Firms**

#### **Assirevi**

We agree with the new requirements and application material in ED-570, although the regulations and standards of the various countries should be considered, along with their ethical requirements. Moreover, this approach is consistent with the equivalent requirements already set out in ISA 250 about the communication of identified or suspected non-compliance with laws and regulations to the competent authorities.

Italian laws applicable to national public interest entities already include the requirement for auditors to report to the competent authorities when they issue modified opinions or a separate section reporting a material uncertainty related to going concern.

#### **BDO International (BDO)**

Yes, we support the new requirement and application material.

#### **Ernst & Young Global Limited (EY)**

Yes, we are supportive of 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.

#### **KPMG International Limited (KPMG)**

We support the introduction of this requirement when laws, regulations or applicable ethical requirements may require the auditor to report to an appropriate authority outside the entity when the auditor determines that it is necessary to include a MURGC paragraph in the auditor's report or modify their opinion in respect of matters related to going concern. We consider this to be an important addition to the standard in light of the public interest role of the auditor, and the intention to provide greater transparency or an early warning mechanism in respect of entities that are systemically important to a particular financial reporting ecosystem.

We also welcome the application material which clarifies how the auditor would make such a determination; consideration of matters such as confidentiality requirements, and steps the auditor may take such as internal consultation or seeking legal advice.

#### **Mazars (MZ)**

Yes, we support the new requirement to report to an appropriate authority outside of the entity where law, regulation or relevant ethical requirements require or establish responsibilities for such reporting.

#### **PKF International Limited (PKF)**

Yes, we support this new requirement.

#### **PriceWaterhouseCoopers (PwC)**

We support the new requirement and application material, which are aligned to the equivalent requirement and application material in ISA 250 (Revised) regarding reporting non-compliance with laws and regulations. As the obligation is conditional on requirements in law, regulation, or relevant ethical requirements in the respective jurisdiction, this is considered appropriate. By reporting, when required, to an appropriate

authority outside the entity, relevant stakeholders, including regulatory bodies, for example, are informed about potential going concern issues that may have implications for the entity's financial stability. This reporting mechanism contributes to the broader objective of promoting transparency, accountability, and compliance within the financial reporting ecosystem.

#### **RSM International Limited (RSM)**

Yes, we 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 in accordance with paragraph 40 of ED-570.

### **5. Public Sector Organizations**

#### **Office of the Auditor General New Zealand (OAGNZ)**

Yes, we support the requirement and application material. It aligns with our expectations of public sector auditors to notify the Auditor-General of conditions that may cast significant doubt over the public entity's ability to continue as a going concern. Early notification enables more timely interventions with those charged with governance of the public entity and other relevant parties.

#### **Office of the Auditor General of Canada (OAGC)**

Yes, we 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.

#### **Provincial Auditor Saskatchewan (PAS)**

Yes, this proposed requirement is appropriate.

### **6. Member Bodies and Other Professional Organizations**

#### **Accountancy Europe (AE)**

Paragraph 40 of ED ISA 570 refers to legal, regulatory and ethical requirements that the auditor needs to be aware of. Although it does not establish new requirements, we support this requirement and related application material as they underline an important consideration.

#### **Botswana Institute of Chartered Accountants (BICA)**

We 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.

#### **California Society of CPA (CALCPA)**

Yes; we support the new requirement and the application materials.

#### **Chamber of Auditors of the Czech Republic (CA CR)**

Yes.

#### **Chartered Accountants Australia and New Zealand (CA ANZ) and the Association of Chartered Certified Accountants (ACCA)**

Yes, we support these proposals.

### **Chartered Accountants Ireland (CAI)**

We support steps to clarify and strengthen the process whereby auditors assess and report on the appropriateness of the use of the going concern basis of accounting. We consider that reassessment of the auditing standards in this area is in the public interest. The proposals will further align the standards internationally by reflecting requirements already in place in some jurisdictions including Ireland and the UK.

We have no comments on the proposed requirements.

### **Consiglio Nazionale dei Dottori Commercialisti e Degli Esperti Contabili (CNDCEC)**

Yes, in extant ISA 570 there is a reference only to regulated entities (ISA 570, par. A34). We agree with the requirement to report to other parties when provided for by law or regulation.

### **European Federation of Accountants and Auditors for SMEs (EFEAA)**

We support the new requirements and application material.

### **Federation of Accounting Professions of Thailand (FAPT)**

Yes.

### **Institute of Certified Public Accountants of Uganda (ICPAU)**

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.

### **Institute of Chartered Accountants of Scotland (ICAS)**

Yes, we are supportive of the inclusion of this content.

### **Institute of Chartered Accountants of Sri Lanka (ICASL)**

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 is a positive development. It is important for auditors to have a clear understanding of their responsibilities in this area, and the new guidance provides much-needed clarity.

### **Instituto de Auditoria Independente do Brasil (IBRACON)**

Yes, we support the new requirement and application material.

### **Korean Institute of Certified Public Accountants (KICPA)**

The KICPA supports the proposed requirement and application material.

### **Malaysian Institute of Accountants (MIA)**

Yes. The requirement is conditional on the relevant jurisdictional law, regulation or relevant ethical requirements and is consistent with the equivalent requirement in ISA 250 (Revised) in relation to non-compliance with laws or regulations.

### **Malaysian Institute of Certified Public Accountants (MICPA)**

We do not have any objection to this.

### **National Board of Accountants and Auditors of Tanzania (NBAA)**

Yes, enhanced we do support this requirement for auditor to report to appropriate authority outside of the entity.

### **South African Institute of Chartered Accountants (SAICA)**

The new proposed requirement reinforces a consideration of a reporting obligation/right on the auditor that may be established by law/regulation/relevant ethical requirements. The approach taken in ED 570 is consistent with the approach taken in other standards (for example ISA 240). We support the proposed requirement.

### **8. Individuals and Others**

#### **Altat Noor Ali Chartered Accountants (ANA)**

Yes.

The proposed ED suggests suitable steps prior to doing so.

### **Q12 - Agree with comments**

#### **1. Monitoring Group**

##### **Basel Committee on Banking Supervision (BCBS)**

The Committee supports the new requirement and application material for the auditor to report to an appropriate authority outside the entity where law, regulation or relevant ethical requirements require or establish responsibilities or grant the auditor the right to undertake such reporting (paragraph 40). The examples and factors for the auditor to consider when reporting to an appropriate authority are viewed as helpful (paragraphs A90–93).

We also recommend that the IAASB add “Establish responsibilities or provides the auditor with the right under...” to paragraph 40(b) and clarify in paragraph A91 (or its example) that when an auditor considers including a separate section with a heading “Material Uncertainty Related to Going Concern” in their report or considers issuing a modified opinion in respect of going-concern matters, they communicate this and engage with any applicable regulatory, enforcement, supervisory or other authority prior to the issuance of their audit report.

##### **International Association of Insurance Supervisors (IAIS)**

In the area of professional scepticism, the IAIS encourages the IAASB to continue its close coordination with the IESBA. Such coordination on ethical issues remains important in the area of going concern auditing, particularly the provisions relating to the auditor’s duty to alert the relevant authorities at a sufficiently early stage, which requires the exercise of the auditor’s professional judgment.

The IAIS supports the inclusion of para 40 of the ED-ISA 570, a requirement for auditors to determine whether law, regulation or relevant ethical rules require them to report to an appropriate authority outside the entity.

This new requirement should enhance transparency, particularly for prudential authorities, when applicable, with respect to the auditor’s responsibilities.

In addition, examples and factors for the auditor to consider when reporting to an appropriate authority are very helpful (para A90 – A93).

However, the IAIS suggests introducing additional provisions requiring the auditor to inform relevant authorities about issues related to going concern, where there is no legal provision to the contrary.

## **International Forum of Independent Audit Regulators (IFIAR)**

Reporting to an appropriate authority outside of the entity

In our 2021 Response Letter, we encouraged the IAASB to enhance the role of the auditor by requiring additional communication to outside parties, including to relevant authorities, with a view to protecting the public interest. We are therefore supportive of the proposals in ED-ISA 570 to report to an appropriate authority outside of the entity where law, regulation or relevant ethical requirements require or establish responsibilities for such reporting. We would also encourage the IAASB to explore whether the auditor can be further encouraged to consider the public interest value of reporting significant going concern matters to an appropriate authority, even where the auditor has no such responsibilities under law, regulation or relevant ethical requirements to make such a report.

The IAASB may also wish to consider including additional application material for the auditor to consider the timing of such a report, so as to encourage early reporting of relevant matters at the point where they are identified and not at the point when the auditor's report is issued.

## **2. Regulators and Audit Oversight Authorities**

### **Committee of European Auditing Oversight Bodies (CEAOB)**

Communications with relevant authorities to be expanded

The CEAOB supports provisions aiming at requesting the auditor to inform relevant authorities in case of issues related to going concern.

However, the CEAOB asks the IAASB to introduce more demanding provisions to require communication to relevant authorities regardless of whether it is stipulated by national laws, regulation and ethical requirements applicable in the specific jurisdiction. In the CEAOB view, the communication to authorities should be done, unless laws or regulations prohibit this communication. The determination of the relevant authorities will depend on the organization put in place at jurisdictional level and may require assessment by the auditor in the absence of jurisdictional definition.

Coordination between IESBA and IAASB

The CEAOB encouraged the IAASB to coordinate with the IESBA, and stresses that coordination with the IESBA on ethical requirements remains important in the area of going concern related provisions, especially regarding the provisions dealing with reporting going concern issues to the relevant authorities at an early stage (paragraph 40).

### **Financial Reporting Council (FRC)**

YES, we strongly support the introduction of a new requirement and application material for the auditor to report to an appropriate authority outside of the entity when appropriate. The FRC introduces a similar requirement into ISA (UK) 570.

We would also encourage the IAASB to explore whether the auditor can be further encouraged to consider the public interest value of reporting significant going concern matters to an appropriate authority, even where the auditor has no such responsibilities under law, regulation or relevant ethical requirements to make such a report.

We would also encourage the IAASB to consider including additional application material for the auditor to consider the timing of any such report, so as to encourage early reporting of relevant matters at the point where they are identified and not at the point when the auditor's report is issued. For example, paragraph

A90 states that “in some jurisdictions, statutory requirements exist that provide early warning procedures for the auditor of a public interest entity to report to a supervisory authority when a material uncertainty exists”. However, the requirement in paragraph 40 requires the auditor to consider such reporting at the point that the auditor “considers it necessary to include a separate section under the heading “Material Uncertainty Related to Going Concern” in the auditor’s report or issue a modified opinion in respect of matters related to going concern.

### **Independent Regulatory Board for Auditors (IRBA)**

We are supportive of the proposals in ED-ISA 570 to report to an appropriate authority outside of the entity, where law, regulation or relevant ethical requirements require or establish responsibilities for such reporting. In South Africa, an example of the requirement in paragraph 40 of ED-570 to report to an appropriate authority outside the entity (the IRBA) would arise from the Auditing Profession Act, as amended (the APA), which requires an auditor to report certain matters, under specific circumstances, as set out in the APA.

Also, the IAASB may look at including additional application material for the auditor to consider the timing of such a report, to encourage early reporting of relevant matters when they are identified, not when the auditor’s report is issued. An example of such wording from the APA is “where a registered auditor of an entity that is satisfied or has reason to believe that a reportable irregularity has taken place or is taking place in respect of that entity must, without delay, send a written report to the IRBA”. Such wording can be amended as appropriate to the IAASB’s requirements.

In addition, the IAASB may want to consider referencing the International Ethics Standards Board for Accountants’ non-compliance with laws and regulations requirements in the application material to paragraph 40 of ED-570, as it may be relevant, depending on the circumstances that the auditor encounters on an audit.

Further, the IAASB may want to explore whether the auditor can be further encouraged to consider the value for public interest of reporting significant going concern matters to an appropriate authority, even where the auditor has no such responsibilities under law, regulation or relevant ethical requirements to make such a report.

### **Irish Auditing and Accounting Supervisory Authority (IAASA)**

Communications with relevant authorities to be expanded

IAASA supports the provisions requesting the auditor to inform relevant authorities of issues related to going concern.

However, the IAASB should require communication to relevant authorities regardless of whether it is required by national laws, regulation and ethical requirements applicable in the specific jurisdiction. Communication to authorities should be made, unless laws or regulations prohibit this communication. The determination of the relevant authorities will depend on the system in place at jurisdictional level and may require assessment by the auditor in the absence of jurisdictional provisions.

### **Coordination between IESBA and IAASB**

Coordination with the IESBA on ethical requirements is important in the area of going concern, especially the provisions dealing with early reporting of going concern issues to the relevant authorities (paragraph 40).



### 3. Jurisdictional and National Auditing Standard Setters

#### Hong Kong Institute of Certified Public Accountants (HKICPA)

Auditors should comply with applicable laws or regulations. Accordingly, we support paragraph 40 of ED-570 to include a reference to applicable law or regulation for the auditor to report to an appropriate authority outside of the entity, as required by statute.

However, we have reservations about the reference to “relevant ethical requirements” in paragraph 40 of ED-570. Ethics requirements, such as the provisions of IESBA’s International Code of Ethics for Professional Accountants (including International Independence Standards) are principle-based and require the auditor’s professional judgment to determine whether a given circumstance should be escalated for reporting, and to whom the reporting should be made. Without clear guidelines, the inclusion of “relevant ethical requirements” in paragraph 40 of ED-570 would create confusion and uncertainty for auditors. For example, it is unclear whether a material uncertainty related to the entity’s going concern alone (which is not a non-compliance against laws or regulations) would trigger a reporting to an external party, and if so, who the external parties are, particularly when the entity’s use of the going concern basis of accounting remains appropriate (i.e., the auditor’s opinion is not modified). Therefore, we suggest either removing the reference to “relevant ethical requirements”, or that the IAASB provide clarification and/or guidance with illustrative examples to assist auditors in complying with the reporting requirement in respect of “relevant ethical requirements” in the context of paragraph 40.

#### Public Accountants and Auditors Board Zimbabwe (PAAB)

The PAAB 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 and we recommend that the auditor has to be clear what exactly they are reporting to external authorities and the extent of their duty to report to avoid conflicts and disputes. Uppermost should always be to comply with all laws and regulations (and report if required by these instruments to do so) and maintain their professional behaviour and ethical obligations.

### 6. Member Bodies and Other Professional Organizations

#### Pan-African Federation of Accountants (PAFA)

We support the proposals in ED-ISA 570 to report to an appropriate authority outside of the entity, where law, regulation or relevant ethical requirements require or establish responsibilities for such reporting.

It may be beneficial for the IAASB to include additional application material for the auditor to consider the timing of such a report, specifically to encourage early reporting of relevant matters when they are identified, not when the auditor’s report is issued.

In addition, the IAASB is encouraged to consider referencing the International Ethics Standards Board for Accountants’ non-compliance with laws and regulations requirements in the application material to paragraph 40 of ED-570, as it may be relevant, depending on the circumstances that the auditor encounters on an audit.

#### Saudi Organization for Chartered and Professional Accountants (SOCPA)

We support the enhanced requirements and application material for the auditor to report to an appropriate authority outside the entity where law, regulation, or relevant ethical requirements require or establish responsibilities for such reporting. We found the enhanced approach in ED-570 more helpful as it provides more details (including an example) to help auditors consider their possible responsibility to report to



authorities outside the entity when the auditor includes and highlights the existence of "Material Uncertainty" in the audit report or when a modified opinion in respect to going concern matters is expressed in the audit report. We also support the drafting approach in ED-570 which takes into account the possible impacts of such reporting on the ethical principle of confidentiality and guides the auditor to consider the relevant ethical requirements (this includes cross referencing to the relevant requirements of the IESBA's code of ethics in the footnote).

However, we would like to share our concern regarding the second point in A92 of ED-570, where an auditor is required by law, regulation, or relevant ethical requirements to communicate matters relating to "Material Uncertainty Related to Going Concern" in the auditor's report or express a modified opinion in respect of going concern matters. We fail to understand how "the actual and planned actions taken to address or mitigate the situation" should be considered in determining whether it is appropriate to report the matter to an appropriate authority outside the entity. We believe that this could give the auditor, management, and those charged with governance the discretion to report the matter or not, which is not the intention of the law or regulation.

#### **The Malta Institute of Accountants (TMIA)**

As such, the requirement to report to another authority etc, does not emanate from the ISA itself, but from the laws and regulations of the respective jurisdiction. In our view, the inclusion of this "requirement" in ED-570 serves the purpose of a reminder to the auditor to consider other legal, regulatory, ethical etc requirements, and we have no objection to its inclusion.

#### **Q12 - Disagree**

### **3. Jurisdictional and National Auditing Standard Setters**

#### **Institut der Wirtschaftsprüfer in Deutschland e.V. (IDW)**

In our view, this requirement is superfluous because auditors are always expected to fulfill relevant laws, regulations and ethical requirements and to consider these when reporting to third parties. If this is important in a particular jurisdiction, national auditing standard setters would add requirements and guidance as needed and customized to their jurisdiction. It also seems to us that, given desire not to have standards be too long, this requirement and related application material can be deleted.

#### **Royal Dutch Institute of Chartered Accountants (NBA)**

We observe that this requirement reiterates legal, regulatory or other requirements that may exist in a certain jurisdiction. Therefore we are of the opinion that it would be better placed in application material.

### **4. Accounting Firms**

#### **CohnReznick LLP (CHR)**

We believe the wording in ED-540.40 will have unintended effects in jurisdictions where often there is not a law, regulation, or relevant ethical requirement to report to an appropriate authority ("notification requirement"). When there is not already an established notification requirement, the way ED-540.40 is worded will drive increased time on the auditor and cost to the audit client all to consider requirements that may not exist. We recommend the Board consider removing the draft ED-570.40 altogether.

#### **Crowe Global (CROWE)**

The problem with including this requirement in a standard is that it has by its very nature to be general and could confuse readers of the standard. The application material does provide context such as requirements

that might exist for reporting to supervisory authorities. It is important that application material provides context, and that the IAASB in its broader commentaries explain that the requirement is addressing what are in practice specific situations relating from regulation and oversight.

#### **Grant Thornton International Limited (GT)**

We are of the view that requirements 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 should be addressed by ISA 250 (Revised) with an appropriate link from ED-570 to ISA 250 (Revised).

#### **MNP LLP (MNP)**

We do not support the new requirement and application material for the auditor to report to an appropriate authority outside of the entity where laws, regulations or relevant ethical requirements require or establish responsibility for such reporting.

We believe the above new requirement is written in ED 570 Paragraph 40, which is similar to Paragraph 29 of ISA 250-Consideration of laws and regulations in an audit of financial statements. According to ISA 250 Paragraph 29, the auditor is required to ascertain whether the applicable laws and regulations necessitate the reporting of identified or suspected instances of non-compliance. The new requirement in ED-570 treats the inclusion of the “Material Uncertainty Related to Going Concern” section in the audit report in the same manner as identifying or suspecting of an instance of non-compliance with laws and regulations. This would be too onerous for the auditor.

If laws and regulations of certain jurisdictions require the auditor to report to a supervisory authority when a material uncertainty exists, the auditor’s responsibility would be bound by the prevailing laws and regulations governing the jurisdiction in question. Explicitly mandating this action in ED-570 is not necessary.

We recommend that auditor’s consideration of laws and regulations to be centralized within one standard, namely ISA 250.

### **6. Member Bodies and Other Professional Organizations**

#### **Colombia’s National Institute of Public Accountants (INCP)**

We believe that it should be a joint obligation with the management and TCWG of the entities. The auditor’s report would be expected to be enough to report users and stakeholders, including the appropriate authorities of “going concern”-related matters.

#### **CPA Australia (CPAA)**

The requirements for an auditor to report to an appropriate authority outside of the entity already exist where law, regulation, or relevant ethical requirements require the auditor to report. Therefore, we are not convinced that repeating this requirement will add any value.

#### **IFAC SMP Advisory Group (SMPAG)**

Where law, regulation or relevant ethical requirements require or establish responsibilities for reporting to an appropriate authority outside of the entity, the requirement to report already exists. Consequently, it is not clear why this requirement is then included in the proposed revisions. If this is merely a reminder, it could be counterproductive as there may be other similar requirements which are not included in this way. The inclusion of ‘relevant ethical requirements, in the paragraph could also create confusion if further clarity is

not provided by the IAASB of what is being referred to, so a reference to the IESBA code or national requirements if they are more restrictive may be appropriate to clarify. Overall, the requirements may give rise to scalability issues as auditors who are unfamiliar with cases where such issues come up could be left confused or could be given comfort the standard is providing support with reminders in all broader areas, which is not, and cannot be, the case for a global standard.

#### **Instituto Mexicano de Contadores Publicos (IMCP)**

We consider this additional requirement to be redundant and unnecessary in this standard, since local jurisdiction requirements must be observed in all cases.

#### **Nordic Federation of Public Accountants (NRF)**

Paragraph 40 refers to laws, regulations, and relevant ethical requirements that the auditor needs to be aware of and comply with regardless of this requirement, i.e., the requirement can only serve as a reminder and does not add anything. One might therefore ponder whether this information should be included in a requirement.

### **8. Individuals and Others**

#### **Colin Semotiuk (CS)**

We disagree. This again expands the financial statement audit into a going concern engagement, and makes the auditor take on perhaps a quasi-regulatory role. It is unclear what this communication would entail. If the requirement is in legislation, then this should be as part of “Report on other Legal and Regulatory Requirements” section of the auditor’s report.

In the public sector, regulators may be related entities i.e. part of the consolidated government entity. It is not clear if the requirement to communicate with “appropriate external parties” should apply to public sector entities in this circumstance because those entities may also be group management.

We note that legislative auditors may have separate established reporting requirements and therefore should be exempt from this requirement or it should be “adapted as necessary in the public sector.”

### **Q12 - Neither agree nor disagree**

### **3. Jurisdictional and National Auditing Standard Setters**

#### **Japanese Institute of Certified Public Accountants (JICPA)**

We do not object or support the new requirement and application material.

However, we do not believe such a new requirement is useful because, if it is required by law, such reporting is mandatory regardless of whether it is required by ISA or not.

### **4. Accounting Firms**

#### **Deloitte Touche Tohmatsu Limited (DTTL)**

We do not oppose reporting requirements for those circumstances in which law, regulation, or relevant ethical requirements require such reporting; however, because requirements in such law, regulation, or ethical requirements already exist, not including them in the auditing standards would not remove the auditor’s responsibilities to comply.

## **Mo Chartered Accountants (MCA)**

The Auditor has to be clear what exactly they are reporting to external authorities and the extent of their duty to report to avoid conflicts and disputes. Uppermost should always be to comply with all laws and regulations (and report if required by these instruments to do so) and maintain their professional behaviour and ethical obligations.

## **6. Member Bodies and Other Professional Organizations**

### **Institute of Singapore Chartered Accountants (ISCA)**

This new requirement is also consistent with a requirement in ISA 250 (Revised) to report to appropriate external authorities identified or suspected non-compliance with laws or regulations though it would be more applicable for jurisdictions where laws and regulations require the auditor to report on going concern issues to external authorities.

In Singapore, listed companies are required to announce their financial statements on a quarterly basis if their auditors have stated that a material uncertainty relating to going concern exists in their latest financial statements. As there are no specific reporting requirements for auditors, this new requirement is not applicable to our jurisdiction.

We note that this requirement is applicable to all entities. However, this requirement may be more relevant to regulated entities due to their higher risk profile and public interest characteristics. Hence, IAASB may wish to consider confining the scope to regulated entities.

## **Q12 - No specific comments**

### **1. Monitoring Group**

#### **International Organization of Securities Commissions (IOSCO)**

### **2. Regulators and Audit Oversight Authorities**

#### **Canadian Securities Administrators Chief Accountants Committee (CAC)**

#### **National Association of State Boards of Accountancy (NASBA)**

### **3. Jurisdictional and National Auditing Standard Setters**

#### **American Institute of Certified Public Accountants (AICPA)**

### **4. Accounting Firms**

#### **Crowe LLP (CROWE LLP)**

#### **Nexia Australia Pty Ltd (NAPL)**

### **5. Public Sector Organizations**

#### **Office of the Auditor General of Manitoba (OAGM)**

#### **UK National Audit Office (UKNAO)**

## **6. Member Bodies and Other Professional Organizations**

### **Accounting and Finance Association of Australia and New Zealand (AFAANZ)**

We limit our comments to the questions for which we are of the view that the extant research literature may meaningfully contribute. Specifically, we comment on Questions 2, 3, 4, 5, 6, 8, 9, 11, 13, 14, 15 and 16.

**ASEAN Federation of Accountants (AFA)**

**Center for Audit Quality (CAQ)**

**Institute of Chartered Accountants in England and Wales (ICAEW)**

**7. Academics**

**RMIT University (RMU)**

**8. Individuals and Others**

**Kazuhiro Yoshii (KY)**