

# Agenda Item

## 3-A

### Explanation of Other Changes Relating to the Draft of Proposed ISA 570 (Revised 202X), *Going Concern*

This Agenda Item explains other changes, that have not been discussed in more detail in **Agenda Item 3**, relating to the draft of proposed ISA 570 (Revised 202X) presented in **Agenda Item 3-B**. The changes were made by the Going Concern Task Force (GC TF) in response to Board offline comments provided directly to IAASB Staff and changes to the standard of a clarifying nature. Matters of an editorial nature are not addressed in this Agenda Item.

Reference	Explanation of Other Changes
<b>Introduction</b>	
Paragraph 1	<p><i>Application Material</i></p> <ul style="list-style-type: none"> <li>In paragraph A1A, the word 'involved' was replaced with 'made' to remain consistent with other places in the standard that refer to <i>significant judgments made by management</i>.</li> </ul>
<b>Requirements and Application Material</b>	
<i>Risk Assessment Procedures and Related Activities</i>	
Paragraph 11	<p><i>Application Material</i></p> <ul style="list-style-type: none"> <li>In paragraph A6 the drafting was clarified as it implied that it was necessary to determine whether an event or condition is <i>significant</i> rather than whether an event or condition <i>may cast significant doubt</i>.</li> <li>Paragraph A12 was simplified to refer to the requirement in paragraph 11.</li> <li>The reference to 'nature' was removed from the example in the first bullet of paragraph A13 as it was duplicative and inconsistent with the lead-in paragraphs that refer to both 'nature and extent' of the auditor's risk assessment procedures.</li> <li>Paragraph A16 was aligned with the changes made to the requirement in paragraph 11.</li> </ul>

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Reference	Explanation of Other Changes
Paragraph 12	<p><i>Requirement</i></p> <ul style="list-style-type: none"> <li>The word 'identifying' was removed from subparagraph 12(a) because it was found confusing whether it relates to managements or the auditor's identification of events or conditions.</li> <li>The word 'significant' was included in subparagraph 12(h) to align with the changes made to paragraph 19(b) that refers to significant assumptions.</li> </ul> <p><i>Application Material</i></p> <ul style="list-style-type: none"> <li>In paragraph A18, the word 'continuous' was replaced with 'ongoing' as the former implied real-time monitoring. Also, for consistency with other paragraphs, the word 'exist' was replaced with 'have been identified.'</li> <li>The related application material in paragraph A21 was aligned with changes made to the requirement in subparagraph 12(h).</li> </ul>
Paragraph 13	<p><i>Application Material</i></p> <ul style="list-style-type: none"> <li>Paragraph A23 was aligned with the changes made to the requirement in paragraph 11.</li> </ul>
<i>Evaluating Management's Assessment</i>	
Paragraph 17	<p><i>Application Material</i></p> <ul style="list-style-type: none"> <li>The example in paragraph A30 was enhanced to link to the entity's risk assessment process for identifying events or conditions given it is a relevant consideration for the circumstance discussed. For example, when the entity is exposed to fewer uncertainties a proportional response may include that management is able to support its assessment without a detailed analysis.</li> </ul>
Paragraph 18	<p><i>Application Material</i></p> <ul style="list-style-type: none"> <li>The example in paragraph A32 (second bullet) was clarified to make it explicit that the information is from external sources and that the financial difficulties refer to a significant customer(s).</li> </ul>

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Paragraph 20	<p><i>Application Material</i></p> <ul style="list-style-type: none"> <li>In paragraph A39, the word ‘preparing’ was replaced with “in the preparation of” to align with other paragraphs of the standard.</li> </ul>
Paragraph 22	<p><i>Application Material</i></p> <ul style="list-style-type: none"> <li>In paragraph A44A, the word ‘continuous’ was replaced with ‘ongoing’ as the former implied real-time monitoring.</li> </ul>
Paragraph 24	<p><i>Requirement</i></p> <ul style="list-style-type: none"> <li>The words <i>as a result of the audit</i> were removed from the requirement given that the auditor may become aware of relevant information not just as a <i>result of or during the audit</i>. For example, there may be relevant information about the entity in the public domain.</li> </ul>
Paragraph 25	<p><i>Requirement</i></p> <ul style="list-style-type: none"> <li>In subparagraph 25(c) the word ‘revised’ was removed as it was considered unnecessary and also because it caused confusion given the standard consistently refers to management’s assessment, rather than to management’s <i>revised</i> assessment.</li> </ul>
<i>Evaluating Management’s Plans for Future Actions</i>	
Paragraph 27	<p><i>Application Material</i></p> <ul style="list-style-type: none"> <li>In paragraph A53 (third bullet), inquiries of the auditor of a related party were added because such inquiries may be particularly relevant in the context of group audits.</li> </ul>
<i>Evaluating the Audit Evidence Obtained and Concluding</i>	
Paragraph 29	<p><i>Application Material</i></p> <ul style="list-style-type: none"> <li>The example in paragraph A58 (second bullet) clarified that the changes (or lack of changes) may also be relevant for the data.</li> </ul>

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<i>Adequacy of Disclosures</i>	
Paragraph 31	<p><i>Application Material</i></p> <ul style="list-style-type: none"> <li>Paragraph A62 was aligned with the changes made to the definition of Material Uncertainty (Related to Going Concern).</li> </ul>
Paragraph 32	<p><i>Requirement</i></p> <ul style="list-style-type: none"> <li>In subparagraph 32(a), the words 'deal with' were replaced with 'address' as this is a commonly used term in the requirements of other ISAs.</li> <li>In subparagraph 32(b), it was clarified that 'it' refers to the entity.</li> </ul>
<i>Implications for the Auditor's Report</i>	
Paragraph 33	<p><i>Application Material</i></p> <ul style="list-style-type: none"> <li>Bullet three of paragraph A73 was extended to explicitly recognize that aspects of the auditor's response may also include the evaluation of management's plans for future actions.</li> </ul>
Paragraph 37	<p><i>Requirement and Application Material</i></p> <ul style="list-style-type: none"> <li>In paragraphs 37 and A84, the phrase 'auditor's professional judgment' was aligned with other references used in the standard.</li> </ul>
<i>Written Representations</i>	
Paragraph 37A	<p><i>Requirement</i></p> <ul style="list-style-type: none"> <li>Consistent with paragraph 37 of ISA 540 (Revised), subparagraph 37A(b) was included to require that the written representations should address whether the method, significant assumptions and data used in management's assessment are in accordance with the applicable financial reporting framework.</li> <li>The drafting in subparagraph 37A(d) was clarified because the use of the words "in view" of the applicable financial</li> </ul>

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	<p>reporting framework were not adequate to describe what management should assert with respect to the adequacy of the financial statement disclosures.</p> <p><i>Application Material</i></p> <ul style="list-style-type: none"> <li>The example in paragraph A86 (first bullet) that referred to obtaining written representations from management for their reasons of not extending their assessment was removed, as it may have been misunderstood that such written representation is sufficient appropriate audit evidence on its own.</li> </ul>
Paragraph 38	<p><i>Requirement</i></p> <ul style="list-style-type: none"> <li>Subparagraph 38(a) was aligned with the changes proposed to paragraph 26(a).</li> </ul>
<i>Communication with Those Charged with Governance (TCWG)</i>	
Paragraph 39A	<p><i>Requirement</i></p> <ul style="list-style-type: none"> <li>The requirement was simplified given that the communication with TCWG addressed by subparagraphs 39A(a)-(f) would already include significant aspects relating to evaluating management's assessment.</li> </ul> <p><i>Application Material</i></p> <ul style="list-style-type: none"> <li>The example in paragraph A87A was removed because the role of the auditor was seen unclear in terms of how this facilitated TCWG to fulfill their oversight responsibilities.</li> </ul>
<i>Appendix</i>	
Illustration 5	<ul style="list-style-type: none"> <li>Given that a material uncertainty is by its nature a key audit matter (KAM), a cross reference was included from the KAM section to the Material Uncertainty Related to Going Concern section.</li> </ul>