

Going Concern – Question 17.(b)

17(b) Effective Date—Given the need for national due process and translation, as applicable, and the need to coordinate effective dates with the fraud project, the IAASB believes that an appropriate effective date for the standard would be for financial reporting periods beginning approximately 18 months after approval of the final standard. Earlier application would be permitted and encouraged. The IAASB welcomes comments on whether this would provide a sufficient period to support effective implementation of the ISA.

Q17(b) - Agree

2. Regulators and Audit Oversight Authorities

Botswana Accountancy Oversight Authority (BAOA)

We believe 18 months is a sufficient period to support effective implementation of the ISA.

Financial Reporting Council (FRC)

We strongly support an effective date for financial reporting periods beginning approximately 18 months after approval of the final standard, with earlier application permitted and encouraged.

Independent Regulatory Board for Auditors (IRBA)

The IRBA agrees that given the need for national due process and the coordination of effective dates with the fraud project, an effective date for the standard to be for financial reporting periods beginning approximately 18 months after its final approval will provide sufficient time to support the practical implementation of the ISA. Further, early adoption is permissible and encouraged by the IRBA.

3. Jurisdictional and National Auditing Standard Setters

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

We support the proposal that the amendments to ISA 570 (Revised) become effective for financial reporting periods beginning approximately 18 months after approval of the final ISA, given that the effective date must be the same as the revised ISA 240, so that audit reports only need to be amended once.

New Zealand Auditing and Assurance Standards Board (NZAuASB)

We support proposals for the timeline over which the going concern assessment is made. This would bring the international requirements in line with existing requirements in New Zealand.

We support the proposal to coordinate the effective date with the fraud project.

Royal Dutch Institute of Chartered Accountants (NBA)

We agree with the proposed implementation period.

4. Accounting Firms

Assirevi

The proposed timeframe appears reasonable and appropriate.

CohnReznick LLP (CHR)

We believe financial reporting periods beginning 18 months after approval is an appropriate effective date.

Crowe Global (CROWE)

We agree with the proposed approach to the effective date of the standard. This is a sufficient period for Implementation Guidance to be circulated and the purpose of the standard to be circulated.

KPMG International Limited (KPMG)

We consider that this timeframe appears reasonable and appropriate.

Mo Chartered Accountants (MCA)

We agree.

PKF International Limited (PKF)

We believe that an effective date of 18 months after approval of the final standard would provide a sufficient period, and agree that earlier application should be permitted and encouraged.

5. Public Sector Organizations

Office of the Auditor General New Zealand (OAGNZ)

We support an 18-month implementation period.

6. Member Bodies and Other Professional Organizations

Botswana Institute of Chartered Accountants (BICA)

We agree with the Board's suggestion that an appropriate effective date for the standard would be for financial reporting periods beginning approximately 18 months after approval of the final standard.

Chamber of Auditors of the Czech Republic (CA CR)

The provided period is sufficient.

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.

Colombia's National Institute of Public Accountants (INCP)

We agree and consider that it is a reasonable time to allow the correct disclosure about the changes, improvements and new requirements of the standard to guarantee its correct application.

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

We agree with the time frame indicated.

CPA Australia (CPAA)

We agree with the proposed effective date.

Federation of Accounting Professions of Thailand (FAPT)

The 18-month period after the approval should be sufficient.

Institute of Chartered Accountants of Scotland (ICAS)

We are supportive of the proposed effective date.

Instituto Mexicano de Contadores Publicos (IMCP)

We consider that the 18-month period is adequate for an appropriate implementation process.

Korean Institute of Certified Public Accountants (KICPA)

The KICPA supports the effective date proposed by the IAASB.

Malaysian Institute of Accountants (MIA)

The IAASB anticipates that the final pronouncement will be approved in December 2024. We are supportive of the effective date to be for financial reporting periods beginning at least 18 months after approval of final pronouncement by IAASB, with early adoption being permitted.

Malaysian Institute of Certified Public Accountants (MICPA)

The proposed effective date is appropriate.

The Malta Institute of Accountants (TMIA)

This should be a sufficient timeframe.

8. Individuals and Others

Altaf Noor Ali Chartered Accountants (ANA)

17(b) We expect the proposed ED to be an effective Standard by the start to mid-2025 in Pakistan.

I wish that the national due process of adopting an ISA in Pakistan was less bureaucratic more compatible with the Board, unless revoked in writing.

Q17.(b) - Agree with comments

3. Jurisdictional and National Auditing Standard Setters

American Institute of Certified Public Accountants (AICPA)

Eighteen months may be suitable, contingent on how the IAASB addresses recommendations to align the fraud and going concern projects, to provide illustrative integrated auditor reports reflecting the impact from both standards. With the alignment of the IAASB's project in fraud in mind, a December 20XX effective date would be highly preferred over a June calendar date effective date.

Australian Auditing and Assurance Standards Board (AUASB)

We support the proposal to coordinate the effective date of ED-570 with the fraud project.

Austrian Chamber of Tax Advisors and Public Accountants (KSW)

As the IAASB states that the implementation of ED-ISA 570 is planned to be at the same date as the implementation of ED-ISA 240, we suggest that the approval process of ISA 570 should be synchronized with that of ISA 240, as we believe that similar issues will arise.

See comment above.

4. Accounting Firms

BDO International (BDO)

Effective Date: We would support an Effective Date which has a minimum of 18 months from the point at which the final ISA is published. Although many firms may choose to adopt the new standard earlier, this timeframe would allow sufficient time for many audit firms' methodologies, tools, guidance, and training materials to be updated.

Grant Thornton International Limited (GT)

We agree, in principle, with the proposed implementation date of 18 months after approval of the final standard. However, to avoid constant amendments to auditor's reports, which could create confusion for users over a series of years, we recommend that the IAASB consider other current projects that may result in amendments to the auditor's report and work to coordinate the effective dates of the revised standards resulting from those projects.

RSM International Limited (RSM)

We have no concerns regarding the effective date if the effective date is in line with the fraud project, so the auditor's reports can be amended at the same time. We are concerned that early application may result in varying auditor's reports for the same or similar periods within the marketplace, potentially causing confusion for users of the financial statements. For example, when the use of the going concern basis of accounting is appropriate and no material uncertainty exists, an auditor's report reflecting early application of ED-570 would include a conclusion by the auditor regarding such matters, whereas an auditor's report reflecting extant ISA 570 (Revised) would not. This may potentially cause certain users to question why this information has been included in one report but not the other or infer inappropriate assumptions regarding the inclusion or exclusion of the information.

5. Public Sector Organizations

Provincial Auditor Saskatchewan (PAS)

(b) Yes, this would provide a sufficient period to support effective implementation of the ISA; however, we do not support the proposed amendments to the standard as outlined in the exposure draft. See our responses to the other specific questions.

UK National Audit Office (UKNAO)

The consultation document notes that the IAASB believe that an appropriate effective date for the standard would be 18 months after the approval of the final standard. We agree that this is a sensible timeframe and would consider 18 months to be the minimum necessary period to successfully implement the standard within the UK public sector. Given the significance of the application guidance provided to the UK public sector through the UK's Financial Reporting Council, a significant adoption period should be factored in to allow for the necessary activity which will include:

UK Financial Reporting Council to embed the changes in the standard within ISA (UK) 570, with a full public consultation process.

UK Public Audit Forum to amend and issue a revised Practice Note 10 to reflect the final changes to ISA (UK) 570

Consequential amendments to local auditing codes for specific sub-sectors to be made following the Practice Note 10 revised.

Audit firms to implement the changes made to the guidance within their methodologies and roll-out training to staff.

6. Member Bodies and Other Professional Organizations

Accountancy Europe (AE)

(b) The proposals will have an impact on the format and content of the auditor's report. We believe that the effective date for the ED ISA 570 should be the same as other ongoing projects which may affect the format and content of the auditor's report.

California Society of CPA (CALCPA)

We do not agree that early application should be permitted because auditors' reports lose comparability and this may cause confusion among users of financial statements.

Institute of Singapore Chartered Accountants (ISCA)

We note that the exposure draft of revised ISA 240 is expected to be issued by December 2023. If there are proposed updates to the auditor's report in ED-ISA 240 as well, the effective dates of both standards should be aligned so that changes to the auditor's report can be implemented concurrently.

Instituto de Auditoria Independente do Brasil (IBRACON)

Regarding the effective date, we would support a minimum of 18 months to allow sufficient time for translation and development of firms' methodologies and training materials.

Nordic Federation of Public Accountants (NRF)

We strongly support the intent to coordinate effective dates with the fraud project. If the PIE project would also impact the special requirements in ED-570 related to listed entities, we recommend the IAASB to coordinate effective dates with that project as well.

South African Institute of Chartered Accountants (SAICA)

(b) We are of the view that an effective date of 12 months after approval of the final standard would have been sufficient to allow for implementation of the revised standard. However, considering the objectives of allowing time for translations of the standard and to coordinate effective dates with the fraud project, we agree with an 18 month implementation date.

Q17.(b) - Disagree

3. Jurisdictional and National Auditing Standard Setters

Canadian Auditing and Assurance Standards Board (AASB)

We suggest an effective date of approximately 24 months after the approval of the final standard in light of the following:

Sufficient time to educate interested and affected parties – Unlike most other ISAs, this revised ISA is expected to have a direct impact on financial statement preparers, users and other parties. For example, management may need to update their information system to capture information for an extended going concern assessment period. Additional time is needed to develop guidance for different parties and for

auditors to educate their clients on the changes. Consequently, we believe more time than the usual “18 months after the approval of the final standard” is necessary for effective implementation.

Coordination with other projects – We understand that the IAASB will be coordinating the effective date with the Fraud and PIE Track 2 projects. We support this coordination. It is essential that the effective dates of the revised ISA 570, ISA 240, The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements, and changes to other ISAs arising from the PIE Track 2 project be coordinated to avoid confusion that may result from inconsistencies in the auditor's reports (and potentially inconsistencies in the auditor's work efforts). Given that these projects follow the going concern project by approximately 6 months, an effective date of approximately 24 months after the approval of the final revised ISA 570 would likely coincide with the effective dates of ISA 240 and changes to other ISAs arising from the PIE Track 2 project.

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

Given the need for translation, the potential need for additional requirements and guidance in our jurisdiction, our own due process with its comment period, and the need to develop guidance materials and provide CPD to practitioners and others, we do not believe that 18 months is an appropriate time frame for required application. We believe that two years would be more appropriate. In addition, we note that if the standard were to be approved in December 2024, then it would become applicable for financial statements with periods beginning on or after June 15, 2026, which would be in the middle of the calendar year, even though the calendar year is applicable to a majority of financial statements. Consequently, we believe that a two-year period after approval would be more appropriate for this reason as well.

4. Accounting Firms

Crowe LLP (CROWE LLP)

A: With anticipated issuance of the final standard in December 2024, we recommend that the effective date should be no earlier than for audits of financial statements with periods beginning on or after December 15, 2026.

Deloitte Touche Tohmatsu Limited (DTTL)

We believe that 18 months after approval of the final standard would provide a sufficient period to support effective implementation. However, we recommend making the final standard applicable for periods beginning on or after December 15, 202X instead of a month other than December (for example, if the standard is finalized in December 2024, we recommend an effective date of periods beginning on or after December 15, 2026, instead of June 15, 2026, even though the latter would be “18 months after approval”). Having standards become effective mid-year instead of the more traditional calendar-year end can be problematic and more costly for audit firms because it requires off-cycle policy and guidance updates. Given the significant volume of changes to the ISAs anticipated in the near term, making changes to policy and guidance once a year would result in a more predictable basis of change and a smoother implementation for auditors.

In addition, it is important to consider the changes resulting from the IAASB's Fraud project. We understand that it is the IAASB's intention to have the effective date for both of these projects to be the same, which we fully support, so as not to have multiple changes to the audit report in successive years.

Ernst & Young Global Limited (EY)

We believe that an effective date for periods beginning on or after 15 December 2026 would provide a sufficient period to support effective implementation if the final revised ISA 570 is approved as targeted in December 2024. Should the approval date be deferred and occur later than June 2025, we believe that an

effective date of audits of periods beginning on or after 15 December 2027 may be more appropriate.

We also believe the IAASB should consider the effective date of the final revised ISA 570 in the context of its other standard-setting projects and the planned effective dates of other new and revised standards, such as ISA 240, The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements due to the implications on auditor's reporting. Consideration needs to be given to the required collective amount of time that is appropriate to effectively implement the suite of standards that are planned to be finalized over the next 24 months in determining the appropriate effective dates for each of the respective standards.

Mazars (MZ)

Given our concerns about the possible or unintended consequences relating to the proposals to strengthen the auditor's assessment of the entity's going concern (as discussed in our response to question 1, including as it relates to change management), and also assuming that the IAASB intends to retain such proposals, we are concerned about whether a period of 18-months, after approval of the standard, is sufficient for auditors to prepare for its implementation. An interim period of at least 24 months appears more reasonable under the circumstances.

MNP LLP (MNP)

We believe the 18-month effective date may be too short, especially considering translation requirements, firm's ability to develop and release additional methodology, as well as enablement, and training for the revised standard. A 24-month timeline would better benefit practitioners to allow time for effective change management, quality implementation guidance and sufficient training. We are also conscious of many other expected changes to standards upcoming that are making it difficult for practitioners and the public to keep pace with the changes. We encourage the IAASB to consider the pace of change in its strategic planning and only focus on those changes that are most critical.

PriceWaterhouseCoopers (PwC)

In principle we believe that an effective date for the standard of approximately 18-24 months after approval by the PIOB is appropriate. This timeframe allows sufficient time for jurisdictions and firms to undertake necessary processes to implement the standard effectively. Local jurisdictions that adopt ISAs into their national standards will also need time to conduct their due process and issue exposure drafts in their jurisdictions. Our view is that any implementation period that is less than eighteen months may not allow sufficient time for such jurisdictional processes and, consequently, may impact the adoption of the revised standard with a consistent effective date globally.

Considering the IAASB's planned timetable, if a final standard is expected to be approved in December 2024, we therefore believe that an appropriate effective date would be for financial reporting periods beginning on or after 15 December 2026.

6. Member Bodies and Other Professional Organizations

Center for Audit Quality (CAQ)

As the IAASB anticipates that the final pronouncement will be approved in December 2024, we would recommend that the standard be effective no earlier than for audits of financial statements for periods beginning on or after December 15, 2026.

European Federation of Accountants and Auditors for SMEs (EFEAA)

We suggest the IAASB set an effective date of at least 24 months following approval of the final standard to

allow sufficient time for the standard to be translated and for implementation support activities, the development of non-authoritative guidance material and delivery of education and training, completed.

IFAC SMP Advisory Group (SMPAG)

(b) The SMPAG believe it would be appropriate to set an effective date of at least 24 months following approval of the final standard. The IAASB should take into consideration the time it will take for the standard to be translated and then for supporting material to be produced in response and finally rolled out through training within practices. It would also be useful to know whether non-authoritative guidance is going to be issued which will support such endeavors.

The IAASB should also consider other relevant projects and timelines which will cause changes to the auditor's report, and we strongly agree with the objective of harmonizing the effective dates, for example with the fraud project. This will facilitate the roll out of training and allow changes to be communicated at the same time.

Pan-African Federation of Accountants (PAFA)

To allow for the translation of the standards and issue supporting material our view is that an effective date for financial reporting periods beginning at least 24 months after approval of the final standards would be more appropriate.

8. Individuals and Others

Colin Semotiuk (CS)

Due to the fact that ED-570 includes modifications to the auditor's report, we request an effective date a minimum of 24 months after approval of the final standard. Changes to the auditor's report take additional time and a 24 month period would allow auditors to present the impacts to management and those charged with governance to ensure they understand the impacts of ED-570 to the auditor's report. An effective date of only 18 months would likely mean that the auditor would be presenting the changes when the standard is already in effect.

Q17.(b) - No specific comments

1. Monitoring Group

Basel Committee on Banking Supervision (BCBS)

International Association of Insurance Supervisors (IAIS)

International Forum of Independent Audit Regulators (IFIAR)

International Organization of Securities Commissions (IOSCO)

2. Regulators and Audit Oversight Authorities

Canadian Securities Administrators Chief Accountants Committee (CAC)

Committee of European Auditing Oversight Bodies (CEAOB)

Irish Auditing and Accounting Supervisory Authority (IAASA)

National Association of State Boards of Accountancy (NASBA)

3. Jurisdictional and National Auditing Standard Setters

Hong Kong Institute of Certified Public Accountants (HKICPA)

Japanese Institute of Certified Public Accountants (JICPA)

We have no comments regarding the translations and effective date.

Public Accountants and Auditors Board Zimbabwe (PAAB)

4. Accounting Firms

Nexia Australia Pty Ltd (NAPL)

5. Public Sector Organizations

Office of the Auditor General of Canada (OAGC)

(b) Effective Date - We do not have any comments.

Office of the Auditor General of Manitoba (OAGM)

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)

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

We have no issues to raise with regards to translations and the effective date.

Institute of Certified Public Accountants of Uganda (ICPAU)

Institute of Chartered Accountants in England and Wales (ICAEW)

Institute of Chartered Accountants of Sri Lanka (ICASL)

National Board of Accountants and Auditors of Tanzania (NBAA)

Saudi Organization for Chartered and Professional Accountants (SOCPA)

7. Academics

RMIT University (RMU)

8. Individuals and Others

Kazuhiro Yoshii (KY)