

Meeting: IAASB

Meeting Location: New York, United States of America

Meeting Date: December 9–12, 2024

Agenda Item 11.1

Going Concern – Due Process – Proposed ISA 570 (Revised 2024)¹

Objective of Agenda Item

1. To advise the IAASB of the status of due process for proposed ISA 570 (Revised 2024).

Background

2. The IAASB Program and Technical Director is responsible for advising the IAASB as to whether due process has been followed effectively and with proper regard for the public interest before a proposed Standard, or changes to a Standard, are approved for issue.
3. The following outlines the Technical Director's conclusion and basis thereof with respect to actions up to the December 2024 IAASB meeting for proposed ISA 570 (Revised 2024). Before approval of proposed ISA 570 (Revised 2024), the Technical Director will advise on whether due process has been followed during the course of the December 2024 meeting.

Due Process Up to the Date of the December 2024 IAASB Meeting

4. The Technical Director confirms to the IAASB that, up to the December 2024 IAASB meeting, proposed ISA 570 (Revised 2024) has been developed in accordance with the IAASB's due process.
5. In summary, for proposed ISA 570 (Revised 2024), the IAASB:

Project Commencement and Development

- Undertook information-gathering and research activities on going concern in an audit of financial statements, which among other, included:
 - The development of 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*](#), that was published in September 2020 for public consultation.
 - Undertaking a series of roundtables in September and October 2020 to gather stakeholders' perspectives on fraud and going concern in an audit of financial statements.²
 - Targeted outreach with regulators and audit oversight authorities, jurisdictional and national auditing standard setters, Forum of Firms, international financial reporting standard-setting bodies and others.

¹ Proposed International Standard on Auditing (ISA) 570 (Revised 2024), *Going Concern*

² On November 2020, the IAASB published a [Summary of Key Take-aways](#), which summarizes what the IAASB heard from the roundtables with experts and leaders exploring issues and challenges related to fraud and going concern.

- Approved a [project proposal](#) to undertake targeted actions to revise extant ISA 570 (Revised) in March 2022.
- Consulted with the IAASB Consultative Advisory Group (CAG) on significant issues during the development of the exposure draft for proposed ISA 570 (Revised 2024).

Significant comments received through the consultation with the IAASB CAG have been brought to the IAASB's attention, and the Going Concern Task Force has reported back to the IAASB CAG the results of the IAASB's deliberations.

- Considered whether it is necessary to hold a public forum or roundtables, or to issue a consultation paper or conduct field testing, in order to solicit views on a matter under consideration.

As noted above, the IAASB sought preliminary views from stakeholders through the DP, roundtable series on fraud and going concern and targeted outreach prior to the development of the project proposal. Also, outreach on going concern was undertaken as part of the IAASBs general outreach program. No additional public forum or similar consultation, or further field testing were deemed necessary.

Exposure Draft

- Approved and issued an exposure draft³ in April 2023 for a 120-day comment period, including an explanatory memorandum highlighting, among other matters, the significant proposals of the IAASB, how those serve to achieve the project objectives that support the public interest and seeking responses to 17 questions relating to proposed ISA 570 (Revised 2024).
- Considered the adequacy of consultation with stakeholders that has been undertaken, and in particular with stakeholder groups that may be under-represented in submitting comment letters, such as investors or other users of financial statements. Given that no written responses to ED-570 had been received from investors or other users of financial statements, in March and April 2024, the Going Concern Task Force engaged in focused discussions with such stakeholders to supplement the feedback from the written responses.
- Consulted with the Stakeholder Advisory Council (SAC), during its inaugural meeting in April 2024, on certain public interest issues from the feedback to ED-570 and reported to the IAASB on the feedback received from the SAC.
- Engaged with other stakeholders in the financial reporting ecosystem and in particular those with direct responsibility for financial reporting, such as the International Accounting Standards Board (IASB) and the International Public Sector Accounting Standards Board (IPSASB). This engagement also included continued dialogue with the IASB on certain proposals throughout the process of updating proposed ISA 570 (Revised 2024) post exposure.
- Undertook additional outreach with prudential regulators, Monitoring Group members, Forum of Firms, the International Federation of Accountants' Small and Medium Practices Advisory Group and jurisdictional and national standard setters.

³ Exposure Draft (ED-570): [Proposed International Standard on Auditing 570 \(Revised 202X\), Going Concern and Proposed Conforming and Consequential Amendments to Other ISAs](#)

- Coordinated with the International Ethics Standard Board for Accountants (IESBA) and continued with outreach as part of the IAASB's general outreach program throughout the process of updating proposed ISA 570 (Revised 2024) post exposure.
- Considered analyses of the significant comments and issues raised by respondents on ED-570, including an outline of their proposed disposition and, as appropriate, the reasons significant changes recommended by respondents have, or have not, been accepted.
- Having familiarized themselves with the issues raised in the comment letters, the IAASB members:
 - Deliberated significant matters raised in the comment letters and other feedback received, including consideration of whether there were any issues raised by respondents, in addition to those summarized by the Going Concern Task Force, that they considered should be discussed; and
 - Decided on proposed amendments to proposed ISA 570 (Revised 2024) and provided direction to the Going Concern Task Force on additional matters to be considered in further amendments.