

May 13, 2022

Prof. Dr Andreas Barckow
Chair
International Accounting Standards Board
Columbus Building
7 Westferry Circus
Canary Wharf
London E14 4HD
United Kingdom

Dear Andreas:

Re: IASB Work Plan for 2022 to 2026 – Going Concern Disclosures

The International Auditing and Assurance Standards Board (“IAASB,” “we,” or “our”) noted the recent determination by the International Accounting Standards Board (IASB) not to add to its work plan a project to clarify existing going concern disclosure requirements. While the IAASB is disappointed in the decision of the IASB, we acknowledge that the decision was reached after careful deliberation of competing priorities and due process considerations.¹

The IAASB’s perspectives with respect to going concern, however, remain unchanged as reflected in our [comment letter](#) dated September 30, 2021 submitted in response to your Request for Information: Third Agenda Consultation. Our stakeholders, including users of financial statements, specifically highlighted their concern about the IAASB making enhancements to International Standard on Auditing (ISA) 570 (Revised), *Going Concern* without corresponding changes being made to management’s responsibilities in preparing financial statements on a going concern basis. This concern was also reflected in other comment letters to your Third Agenda Consultation. Commentators specifically pointed to instances when significant judgments may have been involved when there were events or conditions that cast significant doubts about going concern and management either concluded that no material uncertainty existed or that a material uncertainty existed.

In March 2022, the IAASB approved a [project proposal](#) to commence with targeted revisions to ISA 570 (Revised). The project proposal explicitly acknowledged the importance of encouraging complementary action by others, such as the IASB, in the financial reporting ecosystem. It was also noted that we would consider international financial reporting framework developments when addressing our proposed actions, as it is likely these developments may have an impact on the outcome of certain proposed actions (e.g., enhanced transparency in the auditor’s report about the auditor’s evaluation of management’s assessment of going concern).

¹ [International Accounting Standards Board and IFRS Interpretations Committee: Due Process Handbook](#), Section 4 *Technical work plan*.

Given the recent developments at the IASB with respect to your work plan, and the continued focus on this topic by our stakeholders and the Public Interest Oversight Board, it would be valuable to continue our dialogue and seek some alternative approaches to address management's responsibilities. For example, our Going Concern Task Force may request input and further clarification from the IASB on matters of a technical nature relating to the financial reporting framework. These interactions may encompass addressing how both our Boards can reinforce and support that existing IFRS Standards set by the IASB already provide a robust framework for management of an entity to assess going concern, and therefore that the auditor is well positioned to challenge management on its assumptions and judgments in this regard, including the related disclosures by management in the financial statements.

The IAASB continues to believe that a close collaborative relationship with the IASB is invaluable especially when considering the interdependencies of our global standard-setting activities. To that end Josephine Jackson, the Going Concern Task Force Chair, and I would like to engage in discussions with you or other members of the IASB, as appropriate, to find ways to continue to address this important public interest matter.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Tom".

Tom Seidenstein
IAASB Chair