



27 April 2023

**To: Members of the Hong Kong Institute of CPAs
All other interested parties**

**INVITATION TO COMMENT ON INTERNATIONAL AUDITING AND ASSURANCE
STANDARDS BOARD'S (IAASB) EXPOSURE DRAFT**

Proposed International Standard on Auditing (ISA) 570 (Revised 202X), *Going Concern* and Proposed Conforming and Consequential Amendments to Other ISAs

Comments to be received by 24 July 2023

The Hong Kong Institute of Certified Public Accountants' (Institute) Auditing and Assurance Standards Committee is seeking comments on the IAASB's Exposure Draft (ED) on proposed changes to ISA 570 (Revised), *Going Concern* and proposed conforming and consequential amendments to other ISAs.

High-quality audits support the smooth functioning of capital markets, overall economic performance, and financial stability. The ongoing uncertainties in the broader economic environment, corporate failures across the globe in recent years, and the more recent turmoil in the financial services sector have put a spotlight on the topic of going concern. In addition, conditions, such as war and the global pandemic, have also heightened risks and focused attention on the challenges and issues related to auditors' responsibilities and work related to management's assessment of an entity's ability to continue as a going concern.

The proposals seek to strengthen going concern requirements by substantially enhancing the auditor's work effort in relation to going concern and providing enhanced, entity-specific information in the auditor's report.

The proposed revisions aim to:

- Promote consistent practice and behavior and facilitate effective responses to identified risks of material misstatement related to going concern;
- Strengthen the auditor's evaluation of management's assessment of going concern, including reinforcing the importance, throughout the audit, of the appropriate exercise of professional skepticism; and
- Enhance transparency with respect to the auditor's responsibilities and work related to going concern where appropriate, including strengthening communications and reporting requirements.

The ED has been posted on the Institute's website at:

<https://www.hkicpa.org.hk/en/Standards-setting/Standards/Open-for-comment-documents/Auditing-and-Assurance>

Questions for respondents have been included in Section 3 "Request for Comments" of the ED to solicit specific feedback on the proposed changes.

In accordance with the Institute's due process, comments are invited from any interested party and the Institute would like to hear from both those who do agree and those who do not agree with the contents of the ED.



Comments should be supported by specific reasoning and should be submitted in written form.

To allow your comments on the ED to be considered, comments are requested by the due date shown above.

Comments may be sent by mail, fax or e-mail to:

Standard Setting Department
Hong Kong Institute of Certified Public Accountants
37/F., Wu Chung House
213 Queen's Road East
Hong Kong

Fax number (+852) 2865 6603

E-mail: commentletters@hki CPA.org.hk

Comments will be acknowledged and may be made available for public review unless otherwise requested by the contributor.