



Board Meeting Summary Paper

Subject: Going Concern Guidance in Current Economic Environment
Date: 4 February 2009

AUASB AGENDA ITEM NO. 6(a)(b)(c)
Meeting Date: 23-24 February 2009

Action Required

For Information Purposes Only

Agenda Item Objectives

To consider and approve:

1. Proposed Bulletin on *Audit Considerations in Respect of Going Concern in the Current Economic Environment*;
2. Project plan to develop a Publication on *Going Concern Issues During the Current Economic Conditions* (joint project with the Australian Institute of Company Directors); and
3. Project plan to develop a Guidance Statement on Audit Considerations in Respect of Going Concern.

Background

The above projects are in response to the increasing need of auditors and management/those charged with governance for guidance on the implications of the current economic environment on their respective responsibilities related to going concern issues.

The proposed Bulletin on *Audit Considerations in Respect of Going Concern in the Current Economic Environment* is predominantly based on the IAASB Staff Audit Practice Alert with a similar title.

The proposed Publication on *Going Concern Issues During the Current Economic Conditions* will be primarily based on the Bulletin issued by the UK Auditing Practices Board (APB) with a similar title. It is in response to the request from the Australian Institute of Company Directors to the AUASB to jointly develop a paper similar to the UK APB Bulletin.

The proposed Guidance Statement on *Audit Considerations in Respect of Going Concern* will contain more detailed guidance and information as compared to the proposed documents above. Its purpose is to assist auditors not only during the current economic environment but in any environment, in respect of going concern assessments.

This document contains preliminary views and/or staff recommendations to be considered at a meeting of the AUASB, and does not necessarily reflect the final decisions of the AUASB. No responsibility is taken for the results of actions or omissions to act on the basis of reliance on any information contained in this document (including any attachments), or for any errors or omissions in it.

Matters to Consider

The Board is requested to consider the attached draft proposed Bulletin and project plans, as detailed in the Materials Presented section below.

Also attached to this paper are the relevant International Pronouncements regarding going concern.

Staff Recommendations

AUASB Technical Group recommends the approval of:

1. Proposed Bulletin on Audit Considerations in Respect of Going Concern in the Current Economic Conditions for issuance;
2. Project plan for the development of a Publication on Going Concern Issues During the Current Economic Conditions (joint project with the Australian Institute of Company Directors); and
3. Project plan for the development of a Guidance Statement on Audit Considerations in Respect of Going Concern.

Material Presented

Agenda Item 6(a)	Board Meeting Summary Paper
Agenda Item 6(b)	Draft Proposed Bulletin on Audit Considerations in Respect of Going Concern in the Current Economic Environment
Agenda Item 6(c)	Project Plan - Development of a Publication on Going Concern Issues During the Current Economic Conditions
Agenda Item 6(c).1	Project Plan - Development of a Guidance Statement on Audit Considerations in Respect of Going Concern
Agenda Item 6(c).2	Attachment 1 to Agenda Item 6(c).1 - Suggested Outline of Proposed Guidance Statement on Audit Considerations in Respect of Going Concern
Agenda Item 6(c).3	Attachment 2 to Agenda Item 6(c).1 - Bulletin 2008/10 <i>Going Concern Issues During the Current Economic Conditions</i> (UK Accounting Practices Board) including Appendix 1, <i>An Update for Directors of Listed Companies: Going Concern and Liquidity Risk</i> (UK Financial Reporting Council)
Agenda Item 6(c).4	Attachment 3 to Agenda Item 6 (c).1 Risk Alert <i>Auditing Considerations in the Current Economic Environment</i> (Canadian Auditing and Assurance Standards Board)
Agenda Item 6(c).5	Attachment 4 to Agenda Item 6 (c).1 Staff Audit Practice Alert No. 3 <i>Audit Considerations in the Current Economic Environment</i> (US PCAOB Staff)

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Action Required

No.	Action Item	Deliverable	Responsibility	Due Date	Status
1	Approve the proposed Bulletin and project plans	Board approval	AUASB	23–24 February 2009	O/S

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