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AUDITORS' RESPONSIBILITY IN ASSESSING GOING CONCERN ASSUMPTION AFFECTED BY COVID-19

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Abstract: The Covid-19 pandemic and the measures introduced to prevent its further spread have undoubtedly led to significant business uncertainties regarding the going concern principle. Not only has the global economy experienced negative effects of the pandemic, but a number of professions as well, including auditing. With their significant responsibility in assessing the going concern, auditors face a number of challenges. The aim of this paper is to point out the need for more extensive consideration of auditors in assessing the going concern, as well as the challenges auditors face in a pandemic and the ways in which they overcome these limitations.

Keywords: going concern, auditors' approach, Covid-19

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Introduction

According to professional accounting regulations, when preparing financial statements, the company management proceeds from the basic principle underlying all accounting standards – *the going concern principle*. In accordance with this principle, financial statements are prepared on the assumption that the company is a going concern that will continue in operation for the foreseeable future, unless management intends to liquidate or discontinue operations, or has no realistic alternative (IAS 1). In this regard, compliance with this principle, first of all, forces managers to make an adequate assessment of the company's ability to operate smoothly, with an important role of auditors in this regard. When auditing financial statements, one of the most important assessments is the going concern assessment.

Auditors' responsibilities in identifying events and conditions that may indicate doubts about the company's ability to operate smoothly and then evaluation of the management's assessment have received considerable attention among professional auditors. However, when the World Health Organization declared the global pandemic on March 11th, 2020, this issue arose as one of the most important. The reasons for such a situation are twofold. First, the Covid-19 pandemic initially had a negative impact on tourism companies, catering and similar sectors, but it quickly spread to the global economy. The fact is that all companies, to a greater or lesser extent, are now exposed to events and conditions that can raise significant doubts regarding going concern. At the same time, some of these events and conditions are unknown to auditors, and they are expected to make additional efforts to consider the impact of Covid-19 on the company's operations. Second, numerous measures of almost all countries in the fight against the spread of Covid-19 (quarantine, social distance, etc.) have significantly limited the traditional way of conducting audit and challenged auditors to overcome these restrictions in order to adequately implement the necessary procedures.

The aim of this paper is to point out the effects of Covid 19 pandemic on the audit going concern practice. The structure of the paper consists of three parts. The first part of the paper examines the impact of the pandemic on the responsibility of management in financial reporting according to the going concern principle. The second part of the paper points out the need to improve the approach to auditing in the new conditions, while the third part of the paper points out the challenges faced by the auditing profession and ways to overcome them.

1. Financial reporting under the going concern assumption in a Covid-19 pandemic

When preparing financial statements, it is the responsibility of management to assess the company's ability to continue as a going concern, i.e. to assess whether there are conditions and events that, individually or taken together, cast significant doubt on the company's ability to operate smoothly in the year following the issuance of financial statement. In assessing whether the going concern assumption is realistic, management must consider all available information about the future within the next 12 months from the date of the financial statement. If there is a doubt of the company's ability to operate smoothly, the management should make a plan of measures to be taken in order to overcome or mitigate the negative impact of events and conditions on the company's operations. If these measures are effectively implemented and adequately mitigate the negative effects, the management is obliged to disclose the plans. If, on the other hand, the measures are not effective and efficient, the management is obliged to disclose doubts regarding going concern, the reasons why it does not consider the company a going concern, and why financial statements are not prepared under this principle.

Guaranteeing the ability to remain a going concern often comes in the form of: (ICAEW, 2020) cash flow models or budget forecasts, as well as other details, for example, on future sales projections, and the assessment itself is mainly based on information related to: (BDO, 2020)

- The current financial position of the company, including sources of liquidity;
- Contractual and non-contractual liabilities of companies that will fall due or are expected to fall due in the next year;
- Funds required for smooth company operations, taking into account the current financial situation, liabilities and expected cash flows, and
- Other conditions and events that, together with the above, may adversely affect the company's ability to meet its obligations within one year.

Given the great uncertainty regarding the pandemic and possible quarantine, it is assumed that such modeling will not be completely reliable. This is because the Covid-19 pandemic has created uncertainty, challenges and insecurities, and historical data related to the company's operations is not a sufficiently adequate basis for predicting the company's future cash flows. Specifically, it is necessary to take into account the existing and expected effects of Covid-19, especially assumptions that are sensitive or subject to change and are not in line with historical trends. Management is expected to make greater efforts to assess whether the current events and emerging conditions cast significant doubt on the company's ability to continue as a going concern. Certainly, the implications of a pandemic do not automatically result in substantial material uncertainties for each company. The increased risk of doubt about going concern is conditioned by the nature and circumstances specific to each company individually. However, the examples of conditions and events resulting from a pandemic that management needs to consider when assessing going concern may include the following: (IAASB, 2020a, pp. 4-7)

- The loss of the main market and key customers – the Covid-19 pandemic has made most countries introduce measures that closed non-essential businesses or changed their business model in terms of reducing employment, or maintain physical distance or work from home. Many companies have experienced a drop in revenue because of this;
- Significant impairment of fixed and current assets used to generate cash flows (valuation of fixed assets at fair value is a major challenge given the more frequent and serious value fluctuations, while valuation based on projections of future cash flows is more difficult given the current volatility and uncertainty. What is more, depending on the nature of the company's activity, there may be a need to write off inventories, need for impairment, etc.);
- Delays in launching new products and services that directly affect the company's ability to continue its operations;

- Exchange rate fluctuations, especially in the companies that significantly rely on international transactions;
- Assessment under the influence of increased uncertainty – the manager should determine whether and to what extent future cash flows are under the influence of increased uncertainty: unknown future, duration of the Covid-19 pandemic, time when future cash flows are expected;
- Company solvency – in the context of the Covid-19 pandemic, most countries are focused on providing short-term support to companies to preserve liquidity, while the company's activities will potentially affect long-term solvency, etc.

In addition, the Covid-19 pandemic has led to new and unknown management factors that must be taken into account, and, therefore, the additional sources of information are expected to be taken into account when assessing going concern, such as: reports of relevant sector-level bodies, third-party studies, data from the World Health Organization or local institutions on the expected development of the coronavirus pandemic, data from the state government on the severity and estimated duration of the economic downturn and state measures to respond to pandemic effects.

Given that, in a pandemic, managers will certainly identify events and conditions that, to a greater or lesser extent, may have an impact on going concern, they are expected to prepare scenarios to determine the potential impact on basic performance and future financial needs. These scenarios should adequately indicate the impact of Covid-19 using stricter parameters than those used in the past. The fact that estimates of future performance can vary leads to reporting difficulties, and there is a possibility that accurate estimates cannot be made. In such circumstances, appropriate ranges and assumptions may be an adequate alternative.

In any case, after assessing the company's ability to continue as a going concern, management needs to make appropriate disclosures (KPMG, 2020, p. 3):

- In case of significant doubts about the company's ability to operate according to the going concern principle, disclose this uncertainty even if it is not material,
- When there are material uncertainties, disclose the fact that the company ability to operate according to the going concern principle is subject to material uncertainty,
- In addition, disclose items that indicate gains/losses to further indicate the company's performance,
- In addition, point out the uncertainty of the assessment, for example, that the assumption is subject to a substantial change in the next period,
- Disclose any changes related to financial risks such as credit risk, liquidity risk, currency risk and others, as well as changes in policies and processes in managing these expected risks,

- Disclose facts about liquidity risk when Covid-19 affects cash flows from operating activities or the possibility of obtaining cash from other sources (for example, payment by the state),
- Disclose updated management analysis of the main risks and uncertainties that may affect the amounts in the financial statements or the company operations; and
- Disclose additional information in the board of directors or other reports.

These disclosures should be made in the notes to financial statements. Also, it is possible to compile additional reports to include management's explanations regarding: the business strategy adopted in the given circumstances, the main risks and business opportunities, measures to mitigate the Covid impact on business, the impact of the pandemic on the reported results, etc. (ACCA, 2020).

2. Specifics of going concern audit in the context of the Covid-19 pandemic

Within the audit of financial statements, the assessment of the going concern assumption is one of the "most relevant auditors' judgments that may affect the capital market" (George-Silviu & Melinda-Timea, 2015, p. 217). It is a very complex and difficult, two-phase process where the auditor, first, should identify possible problems related to going concern (which is a reflection of their competence), and then report on this problem (which is a reflection of their independence) (Jemović et al., 2019, p. 92). More specifically, in accordance with professional regulations (ISA 570), auditors have the responsibility to:

- Obtain sufficient and adequate audit evidence, and make conclusions on the appropriateness of applying the going concern principle;
- Draw conclusions as to whether there is material uncertainty under events or conditions that may cast significant doubt on the company's ability to continue as a going concern; and
- Compile a report in accordance with the conclusions.

The auditors' responsibility in assessing going concern has always been a special focus of auditors. ISA 570 – Going Concern has been revised several times in response to a number of corporate shortcomings that suggested the existence of "possible problems in achieving greater auditor independence and the need to improve audit procedures for reviewing the going concern assumption" (Socoli, 2010, p. 291). The focus was on a request for more auditor work, primarily on the stronger evaluation of management's assessment of going concern, more detailed adequacy testing of supporting documents and the risk assessment of management bias. However, the declaration of a pandemic highlighted this issue. Specifically, the measures taken by the governments of many countries around the world to prevent the spread of Covid-19 have definitely, to a greater or lesser extent,

negatively affected all companies. The implications of Covid-19 are far-reaching, and, as it is still not known how long the pandemic will last, the resulting uncertainties make it significantly more difficult to assess its impact on business according to the going concern principle. Such circumstances further require auditors to include their professional skepticism throughout the audit, to consider potential additional challenges facing businesses under the influence of Covid-19, and to view the impact of Covid-19 as an enhanced risk area.

In current conditions, auditors are required to extensively focus on the assessment of the going concern, to collect more evidence and perform it continuously until the moment of signing the audit report. Auditors must require management to provide them with more evidence and set a clear expectation of the additional time that will be required to complete the audit in this area (FRC, 2020a).

Auditors must view the going concern area as high risk already in the audit planning phase. It is very important to adequately identify the uncertainties that a pandemic brings, as well as the extent and manner in which it reflects on internal risk. At the same time, it is not enough to measure this risk and leave it for consideration in the final phase of the audit, but it needs to be continuously monitored. In addition to the usual considerations, in the context of the Covid-19 pandemic, auditors should consider the following issues when conducting risk assessment procedures (ICAEW, 2020., Leitch & Barbour, 2020):

- How has COVID-19 affected companies to date and how could it affect the future?
- Does the nature of the business or the sector to which the company belongs lead to additional risks?
- Will the company be able to receive government support (financial assistance or other support packages)?
- What time periods of restrictions are taken into account when forecasting the future?
- Is the company liquid and what future finances does it have access to?
- How likely is it that the company will be solvent?
- Has the pandemic affected employment and how (absence of employees due to virus protection measures, loss of key people due to the virus, etc.)?

When assessing risk, the auditor determines whether the management has already performed a preliminary assessment of the company's ability to continue to operate in accordance with the going concern principle, and, if so, discusses it with the managers. In this regard, the auditor is expected to consider whether managers have identified all conditions and events to be considered, whether they have included all relevant information available at that time, and whether they have extended the assessment to a reasonable period of time (Dohrer, 2020). Also, auditors should consider how the company managers have made their predictions regarding going concern, which scenarios they included in the assessment, whether

they considered a sufficient range of scenarios, whether they have been flexible and whether they reliably indicate the impact of the pandemic on lower cash flows and balance sheet items (ICAEW, 2020).

The evaluation of the managers' going concern assessment is a fundamental part of the audit that is significantly affected by the Covid-19 pandemic (Agulhas, 2020, p. 3). In this situation, the auditor should cover the same period that the management observed when performing its assessment. The events and conditions that can be identified and the issues that the auditor should address are given in Table 1.

Table 1. Events and activities and key auditor considerations in the context of the Covid-19 pandemic

Identified event and conditions	Key auditor considerations
Loss of market and key customers	<p>The auditor should consider whether managers</p> <ul style="list-style-type: none"> • Have considered the impact of these circumstances on revenue drop, • Have developed plans to overcome shortcomings, the impact of labor shortages on business continuity, • Have estimated how long the business may suffer consequences even after the abolition of any restrictions, etc.;
Significant impairment of the value of fixed and current assets used to generate cash flows	<p>The auditor should consider:</p> <ul style="list-style-type: none"> • The reasonableness of the assumptions managers used in their assessments, including the consistency of use of those assumptions; and • Whether experts were engaged in valuation and what assumptions they relied on;
Delays in launching new products and services	<p>The auditor should consider whether management has taken into account the impact of these delays on the company's finances, related costs, etc.</p>
Exchange rate fluctuations	<p>The auditor should consider whether management has considered them, including the impact of any hedging arrangements to reduce that uncertainty</p>

Source: (IAASB, 2020a, pp. 4-7)

In addition, auditors should pay attention to the sources of information managers used in forecasting future cash flows and whether their initial assumptions are consistent, in particular whether (Leitch & Barbour, 2020):

- During the assessment of the company's solvency managers communicated with the bank, whether they took into account the company's ability to pay additional loan obligations, etc.
- Managers included an appropriate time frame for lifting the restrictions and the possibility of reviewing that time frame in line with existing conditions (for example, further spread of the virus), as there is a significant uncertainty in different countries around the world regarding the lifting of movement restrictions,
- Return to "normal" business reflected on projections,
- Managers documented appropriate evidence to support the validity of forecasts regarding provisions relating to insurance rights inflows.

Communicating with company management about whether they know of events and conditions related to the period after the one the managers covered in their assessment is crucial in the context of the Covid-19 pandemic. This is because, say, supply chain disruptions can last a long time and recover slowly. In addition, the fact that the Covid-19 pandemic has increased the conditions and events that cast doubt on the company's ability to operate smoothly under ISA 570, Paragraph 16 has made auditors perform additional procedures when evaluating management's assessment. These additional procedures, as a minimum, should include assessing the reliability of projected cash flows taking into account changes in the economic environment, more detailed assessment of management plans to mitigate adverse effects and flexibility in changing conditions, critical analysis of additional information (other than information provided by management), etc. Such an analysis will allow auditors to identify whether there is a substantial discrepancy between management information and that collected by auditors from other sources.

Finally, the evaluation of management plans implies that auditors understand management's strategy for maintaining business in an economic downturn, which may include financial savings, cost reduction measures, additional borrowing, and asset management. The auditor assesses whether the management plan adequately takes into account the period of the Covid-19 impact on the company, including the effects and the likely recovery period. In this regard, the auditor must consider how managers plan to address these issues and what alternatives they consider.

Based on the previous procedures, the auditor, using the obtained audit evidence, concludes whether there is material uncertainty under the events and conditions that may cast doubt on the company's ability to continue as a going concern. The auditor also assesses whether the financial statements prepared by management provide adequate disclosures about the identified events and conditions and, if possible, management's plans regarding this issue. Certainly, the level of disclosure required is conditioned by factors and circumstances for each company separately for the reason that not all companies are in the same way and to the same extent affected by the pandemic (IAASB, 2020a), (Table 2).

Table 2. Implications of identified events and conditions on the audit report

Scenario when events or conditions are identified	Impact on the audit report
<p>The going concern assumption is not adequate</p>	<p>If the financial statements have been prepared on a going concern basis then the auditors should express a negative opinion, whether or not the financial statements include disclosures about the inappropriateness of the going concern principle. If the financial statements have been prepared on another basis then:</p> <ul style="list-style-type: none"> • The auditor may express an unmodified opinion if there are adequate disclosures regarding the application of an alternative reporting basis; or • The auditor may consider including “diversion” to indicate the alternative basis used and the reasons for that.
<p>The going concern assumption is adequate but there are material uncertainties</p>	<p>If adequate disclosures are made in the financial statements, the auditor should:</p> <ul style="list-style-type: none"> • Express an unmodified opinion and include a separate section in the report, entitled “Material uncertainties related to going concern” <p>If the disclosures in the financial statements are not adequate, the auditor should issue a modified opinion.</p>
<p>When events or conditions have been identified that may cast significant doubt on the company’s ability to operate as a going concern, based on the audit evidence obtained, the auditor concludes that there is no material uncertainty</p>	<p>If adequate disclosures are made in the financial statements, the auditor should:</p> <ul style="list-style-type: none"> • Express an unmodified opinion or • Consider communicating key audit issues or drawing attention <p>If the disclosures in the financial statements are not adequate, the auditor should issue a modified opinion.</p>
<p>When the auditor is unable to conclude on the adequacy of management's assessment (for example, when there is a lack of evidence)</p>	<p>The auditor should refrain from expressing an opinion when concluding that the effects on the financial statements are material.</p>

Source: May & Zhumei, 2020.

As the Covid-19 pandemic certainly causes a greater or lesser level of uncertainty in companies' operations, even when the assessment identifies no material uncertainties, it is recommended that auditors highlight the effects of Covid-19 as a key audit issue (issue of importance in the audit of the financial statements of the current period) or highlight these effects in the paragraph that diverts attention (paragraph that refers to the issue that is adequately presented in financial statements, if it is fundamentally important for the understanding of financial statements by users).

3. Challenges and perspectives of going concern audit in the context of the Covid-19 pandemic

The Covid-19 pandemic has caused not only great uncertainty at the level of the global economy, but has also posed significant challenges for a number of professions, including auditors. The fact is that Covid-19 has made 2020 very unusual, in terms of conducting an audit, and it is not yet possible to predict how long that situation will last. Quarantine, travel restrictions, social distance, etc. directly affect the way the auditor works, the fulfillment of plans and the change of business priorities. Activities that are directly conditioned by the physical presence of the auditor at the client (meeting the client, inspecting the inventory, conducting interviews, walking through transactions, checking documents, observing and testing controls, etc.) are currently disrupted as never before. In addition, additional requirements are set for auditors, in terms of considering the impact of Covid-19 (FRC, 2020b):

- Assessment of audit risk and the need for its audit,
- The manner in which a sufficient and adequate audit evidence is gathered, taking into account that the planned audit approach may need to be changed and alternative procedures developed,
- The manner of testing and reviewing the work of members of the audit team,
- The adequacy of management's disclosure of the impact of Covid-19 on the company's operations in a manner that users of financial statements are reliably informed, and the projections of the company and the manner in which Covid-19 may affect the business adequately described, recognizing a high degree of uncertainty and
- The need to reassess the key aspects of the audit as a result of rapid changes in the situation, bearing in mind that this assessment will take place until the audit report is signed.

Performing an audit, even in the conditions of a pandemic, implies a mandatory compliance with professional regulations, especially ISA 570 when it comes to the audit of going concern. Nevertheless, the specificity of the Covid-19 impact has necessitated a number of professional organizations to provide a significant support

to audit practice by developing guidelines, instructions and policies which are consistent with the standards, but which allow the auditor to respond to current specific circumstances.

The most relevant guidelines, and of course the guidelines with the greatest impact on adapting audit practices to new conditions, were developed by IFAC's International Auditing and Assurance Standards Board (IAASB) and the Financial Reporting Council (FRC). More specifically, as a consequence of considering the problems that audit practice faces in the conditions of the pandemic, the IAASB drafted documents in support of the application of auditing standards and published "Summary of Covid-19 Audit Consideration" in June 2020. Also, in March 2020, the FRC published a document entitled "Guidelines for Auditors and Issues to Consider in Engagements Influenced by Covid 19." The guidelines of these professional organizations aim to help auditors cope with the new situation by pointing out the areas of audit that are particularly affected and provide guidance for overcoming the perceived limitations. Some of the issues that are given special attention and that significantly affect the auditor's assessment of the going concern are the following:

- *Planning an audit approach.* Planned approaches to gathering evidence may not be implemented due to a lack of audit staff or a lack of access to information and staff in the audited entity, given the quarantine, social distance, etc. Also, the impact of Covid-19 may lead to existing audit plans no longer reflecting the risk profile of a business modified by a crisis. In response, it is advisable to perform new risk assessments and engage in auditing or even, when necessary, re-create an audit plan (Movchan, 2020);
- *Assessment of materiality.* Covid-19 may require that non-standard amounts or disclosures be included in the financial statements. In such circumstances, auditors should consider how to take that information into account when assessing materiality and whether to determine separate materiality levels for particular positions;
- *Communication with management and client committees.* Protection measures against Covid-19, among other things, require social distance so physical meetings with the Audit Committee are prevented. Auditors will need to find alternative ways to communicate comprehensively and fully, such as holding remote meetings and video conferencing. Full and comprehensive communication is necessary because the impact of the pandemic on the company is changing very quickly, and consequently the validity of assumptions and conclusions (Leitch & Barbour, 2020);
- *Gathering evidence.* Despite the limitations imposed by the pandemic, the auditor is expected to obtain sufficient and appropriate audit evidence to support their findings. In this regard, the auditor should consider using advanced technologies, internet, repositories, audit systems, access to secure systems, and various instruments that facilitate virtual risk assessment and assurance quality

(Movchan, 2020). Certainly, the auditor is expected to assess whether, by alternative procedures, they can gather sufficient and adequate evidence and consider the implications of that evidence for their opinion;

- *Team cooperation, review and completion of working papers.* Considering the work of teams is especially difficult today, especially in the parts where Covid-19 had a great influence. There is a limitation that the auditor will not be able to obtain the evidence of work components in which strict restrictive measures are applied. In such cases, the auditors consider alternatives at the group level (implementation of additional procedures, greater use of telework, deployment of local staff, etc.) to gather evidence. On the other hand, there is no reason to doubt that clearly documented electronic and video reviews of auditors' working papers cannot meet the requirements of the standard;
- *Professional skepticism.* The auditor is always required to perform his or her work with professional skepticism. In a pandemic, auditors will need to consider how to demonstrate professional skepticism when examining the facts and assumptions provided by the company's management. The IASSB points out that auditors in particular must emphasize skepticism in Identifying and assessing risks of material misstatement, responding to assessed risks, auditing accounting estimates, responsibilities relating to subsequent events, group audits, etc. (IAASB, 2020b).

After the issuance of the guidelines, FRC took step further and on June 29th, 2020 assessed the support for this instruction in the seven largest audit firms from Great Britain. The key findings relate to the fact that all audit firms have improved policies and procedures related to the audit of going concern by the end of March 2020; the focus was on improving consistency in going concern audits, largely through the provision of additional centralized operational support; also, centralized monitoring was increased which provided the following benefits: sharing updated information on Covid-19; providing additional support to audit teams; improving the skills of audit teams in approaching the assessment of going concern in the context of increased risk caused by the pandemic and drawing conclusions, including presenting the reasons why there are material uncertainties or not in terms of going concern. The activities carried out by the audit firms, as well as examples of good practice are given in Table 3.

Additional policies and procedures are similar in all audit firms and the intention is to pay more attention to responding to the increased risks arising from the Covid-19 pandemic. In this regard, David Rule, the FRC executive supervision director, points out that audit procedures must be proportionate to the risks faced by the auditees, which differ depending on the impact of the pandemic on their business.

Table 3. Activities of audit firms in the conditions of the Covid-19 pandemic

Activities	Good practice
Ongoing consultation on going concern issues and Covid-19	<p>Audit firms have strengthened and improved their consulting activities by:</p> <ul style="list-style-type: none"> • Involving senior audit team partners, • Combined involvement of audit team partners and central team directors and • Allowing another auditor to perform the audit
Ensuring regular communication between audit teams on issues related to Covid-19	<p>Establishment of dedicated websites with a list of questions and answers related to the audit of going concern in a pandemic and other issues related to Covid-19</p>
Continuous development of policies related to the audit report with a special focus on disclosures in these reports	<p>Audit firms:</p> <ul style="list-style-type: none"> • Emphasize the impact of Covid-19 in reports through “key audit questions” or the use of “attention-diverting paragraphs”. In this way, they provide assurance that they have adequately considered the risks posed by the pandemic to going concern • Publish examples of audit reports that contain material uncertainties to encourage disclosures and • Emphasize the avoidance of standardized texts regarding the disclosure of the impact of Covid-19 on going concern
Continuous assessment of total risk with a special reference to the risk associated with Covid-19	<p>Audit firms emphasize continuous monitoring of risks posed by Covid-19. An example of one of the good practices relates to the implementation of additional activities in identifying sectors and audits with high risk related to Covid-19.</p>
Improving guidance on how to assess the economic scenario – assumptions	<p>Audit firms recognize that assumptions about the future depend on circumstances that are specific to each company (say, depending on the sector or geographical area in which it operates). Audit firms belonging to the Big 4 group publish a number of economic assumptions, while one of these firms has developed a tool to help consider the assumptions. In addition, most firms have issued guidelines regarding state aid schemes.</p>
Improving guidelines for conducting resilience tests and scenario tests and related disclosures	<p>Some audit firms have issued guidelines for conducting these tests, although probable considerations, application of specific guidelines, and the extent to which these tests are required vary from firm to firm.</p>

Increasing the level of detail about Covid-19 in going-concern-specific working papers	<p>Many firms require that working papers be completed and signed by a partner or quality control person.</p> <p>One firm requires a client to complete a questionnaire regarding the going concern assessment they have performed, including information on what considerations they have taken into account in the assessment.</p>
Using specialist assistance that can contribute to the assessment of estimated cash flows and “flying” teams that can monitor real-time audit work	One of the audit firms requires expert assistance and monitoring by “flying” teams for each audit with a highly assessed risk. Many audit firms use the help of specialists and "flying" teams in developing guidelines and instructions for the work of audit teams.

Source: adapted from: FRC, (2020c)

Conclusion

Under the influence of the Covid-19 pandemic, uncertainties regarding going concern have grown significantly. As these are specific events and conditions that companies face, the assessment of their smooth operation in the foreseeable future, both by management and by auditors, is a great challenge. Traditional modeling of future cash flows, budgets and other projections need not only be based on historical trends, but management is expected to take into account the existing and expected effects of Covid-19, especially those that are sensitive and subject to change.

In assessing the going concern in a Covid-19 pandemic, auditors face even more serious requirements, given the complexity of the process – gathering sufficient and adequate evidence to assess going concern, evaluating management's assessment, and finally reporting on that. What is expected of auditors is to view the area of going concern as high risk and to continuously monitor that risk until the very end of the engagement, to invest more extensive work to gather evidence, take into account the specific circumstances of the pandemic and carefully express their opinion in the audit report. In addition, as the measures of almost all countries in the fight against the further spread of the virus have limited the classic field work of auditors and unhindered performance of activities, auditors are expected to find alternative solutions. A significant support in this regard comes from a number of professional organizations, with the FRC taking the lead. Very soon after the declaration of the pandemic, the FRC issued guidelines for overcoming the identified restrictions. Also, based on the experiences of the seven largest audit firms in the UK, the activities undertaken in response to the challenges were pointed out and the examples of good practice given.

Finally, it can be said that, like everyone else, auditors are waiting for the return of business tasks to normal. However, as there are still limitations and it is still uncertain how long these limitations will last, it is necessary to constantly review the appropriateness of audit approaches and improve existing business practices. It is certainly a very challenging process, but at the same time, a condition for preserving the purpose of the audit in these difficult times. If there is a positive side of this significant challenge for the auditing profession, then it is the acceleration of digitalization, i.e. investment in new technologies whose implementation will enable faster adaptation of auditors to new business circumstances.

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ODGOVORNOST REVIZORSKE PROFESIJE U OCENI STALNOSTI POSLOVANJA PREDUZEĆA POD UTICAJEM COVID-A 19

Rezime: Pandemija Covid 19 i uvedene mere za njeno dalje širenje nesumnjivo su dovele do značajnih neizvesnosti po pitanju poslovanja preduzeća prema načelu stalnosti poslovanja. Negativni efekti nisu ostvareni samo na nivou globalne ekonomije, već je pandemija značajno uticala i na brojne profesije, a između ostalih i na revizorsku. Revizija koja ima značajnu odgovornost u proceni stalnosti poslovanja preduzeća suočena je sa brojnim izazovima. Cilj autora ovog rada je da ukažu na potrebu ekstenzivnijih razmatranja revizora u proceni stalnosti poslovanja preduzeća, kao i izazove sa kojima se revizorska profesija suočava u uslovima pandemije i načine na koje ta ograničenja prevazilazi.

Ključne reči: stalnost poslovanja, revizijski pristup, Covid 19

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