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Description of content of ISSAI 1570

Going Concern

Reading this description is not a substitute for reading the ISA or ISSAI itself.

ISSAI 1570 is comprised of International Standard on Auditing (ISA) 570 – Going Concern, and a corresponding Practice Note. The ISA and the Practice Note are read together.

Authority

Public Sector auditors using the ISAs or ISSAIs as the authoritative standard shall comply with all ISAs or ISSAIs relevant to the audit. An ISA or ISSAI is relevant to the audit when the ISA or ISSAI is in effect and the circumstances addressed by the ISA or ISSAI exist. The auditor shall not represent compliance with ISAs or ISSAIs in the auditor's report unless the auditor has complied with the requirements of all ISAs or ISSAIs relevant to the audit.

Description of the ISA

ISA 570 deals with the auditor's responsibilities in the audit of financial statements relating to management's use of the going concern assumption in the preparation of the financial statements.

Objective of the auditor in terms of the ISA

The objectives of the auditor are:

- a. To obtain sufficient appropriate audit evidence regarding the appropriateness of management's use of the going concern assumption in the preparation of the financial statements;
- b. To conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern; and
- c. To determine the implications for the auditor's report.

Among other matters, the requirements in this ISA deal with:

- a. The need to consider whether there are events or conditions that may cast significant doubt on the entity's ability to continue as a going concern.

- b. The need to remain alert throughout the audit for evidence of events or conditions that may cast significant doubt on the entity's ability to continue as a going concern.
- c. Evaluating the assessment of those charged with governance.
- d. Additional audit procedures when events or conditions are identified that may cast significant doubt on the entity's ability to continue as a going concern.
- e. Audit conclusions and reporting.
- f. Communication with those charged with governance.
- g. The appropriate reaction to the situation where there is a significant delay in the approval of the financial statements which, the auditor believes, could be related to events or conditions relating to the going concern assessment.

Description of the Practice Note

The Practice Notes provides supplementary guidance for auditors applying ISA 570 when conducting financial audits of public sector entities.

Content of the Practice Note

The Practice Note provides additional guidance for public sector auditors related to:

- a. Going concern assumption.
- b. Evaluating management's assessment.
- c. Additional audit procedures when events or conditions are identified.
- d. Use of going concern assumption appropriate but a material uncertainty exists.