

Covid-19, Auditing, and Going Concern: How Pandemic Affect Audit Performance

Executive Summary

Going concern concept has a long history within accounting and auditing. With the global impact of Covid-19 pandemic, this concept became more relevant than ever since many companies faced severe decreases in their sales, profitability, and liquidity in the present poor economic climate which in turn raise the questions on their capacity to continue their business operation. In addition, auditing profession also significantly influenced by the crisis. The goal of this study is to investigate how the pandemic affects auditors' ability to assess their clients' going concern assumptions. This study uses qualitative research method using semi-structured interview approach and literature review. The results show that the impact of a pandemic on a going concern audit can be broken down into three categories: businesses, going concern audits, and auditors. The situation's main disadvantage is the increase in complexities and uncertainty. On the other hand, most notable positive effect are faster technology adoption and higher professional skepticism. As a result, despite the difficulties, the auditor was able to gather sufficient evidence to form an opinion on the company's going concern. Finally, the final part of this report is recommendations for small and medium-sized audit firms is made in order to assist the auditor in performing a more reliable audit of the current going concern. The recommendations are divided into four categories: suggestion in assessing substantial doubt of client's going concern, suggestion on assessing management plan, suggestion on work program and work papers, and suggestion for audit team.

Keywords: Audit, Audit of Going Concern, Covid-19, Going Concern, Pandemic, Performing Audit, Remote Audit