

AU Section 9341

The Auditor's Consideration of an Entity's Ability to Continue as a Going Concern: Auditing Interpretations of Section 341

1. Eliminating a Going-Concern Explanatory Paragraph From a Reissued Report

.01 Question—An auditor may be asked to reissue his or her report on financial statements and eliminate the going-concern explanatory paragraph that appeared in the original report. Such requests ordinarily occur after the conditions that gave rise to substantial doubt about the entity's ability to continue as a going concern have been resolved. For example, subsequent to the date of the auditor's original report, an entity might obtain needed financing. In such circumstances, may the auditor reissue his or her report and eliminate the going-concern explanatory paragraph that appeared in the original report?

.02 Interpretation—An auditor has no obligation to reissue his or her report.¹ However, if the auditor decides to reissue the report,² the auditor should perform the following procedures when determining whether to reissue the report without the going-concern explanatory paragraph that appeared in the original report:

- Audit the event or transaction that prompted the request to reissue the report without the going-concern explanatory paragraph.
- Perform the procedures listed in section 560, *Subsequent Events*, paragraph .12, at or near the date of reissuance.
- Consider the factors described in section 341, *The Auditor's Consideration of an Entity's Ability to Continue as a Going Concern*, paragraphs .06 through .11, based on the conditions and circumstances at the date of reissuance.

The auditor may perform any other procedures that he or she deems necessary in the circumstances. Based on the information that the auditor becomes aware of as a result of performing the procedures mentioned above, the auditor should reassess the going-concern status of the entity.

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[2.] Effect of the Year 2000 Issue on the Auditor's Consideration of an Entity's Ability to Continue as a Going Concern

[.03–.27] [Withdrawn July 2000 by the Audit Issues Task Force.]

¹ If the auditor decides not to reissue his or her report, the auditor may agree to be engaged to audit the financial statements for a period subsequent to that covered by the original report. This might be the case, for example, if the entity is experiencing profitable operations.

² Section 530, *Dating of the Independent Auditor's Report*, paragraph .05, states that an auditor may either "dual-date" or "later-date" his or her reissued report.