



Standards in Focus

The revised Canadian Auditing Standard
(CAS) 570, *Going Concern*

June 2025

Why has the Standard Changed?

Recent corporate failures, and increased expectations from investors and stakeholders have highlighted the need for more robust and transparent evaluations of an entity's ability to continue as a going concern.

International Standard on Auditing (ISA) 570 (Revised 2024), *Going Concern*, strengthens the auditor's responsibilities, enhances consistency in audit practices, and improves communication with stakeholders.

As part of Canada's adoption of the ISAs as Canadian Auditing Standards (CASs), the Auditing and Assurance Standards Board (AASB) has issued revised CAS 570, *Going Concern*. This revised Canadian standard is fully aligned with ISA 570 (Revised 2024), with no Canadian amendments.



Refer to revised CAS 570, [Going Concern](#).

What do CPAs Need to Know?

Under the revised CAS 570, auditors shall perform more rigorous and timely risk assessments, consistently evaluate management's going concern assessment in all cases, and place increased emphasis on considering potential management bias. The auditor shall also evaluate management's going concern assessment for a period of at least 12 months from the date of approval of the financial statements. Additionally, the standard enhances transparency by requiring clearer auditor reporting and improved communication with those charged with governance throughout the audit engagement for matters pertaining to going concern.

Who is Impacted?

All stakeholders within the financial reporting ecosystem are impacted. This includes firms performing audit engagements for entities of all types, sizes and complexities as well as CPAs serving in other roles including management and those charged with governance.



For further information refer to IAASB's [Fact Sheet](#)¹ and [FAQ – Reporting Going Concern Matters in the Auditor's Report](#).²

1. This publication and text which is an extract from Going Concern International Standard on Auditing 570 (Revised 2024) Fact Sheet of the IAASB, is published by the International Federation of Accountants (IFAC) in April 2025 and is used with permission of IFAC. Contact permissions@ifac.org for permission to reproduce, store or transmit, or to make other similar uses of this document.

2. This is from the IAASB Staff Update, *Frequently Asked Questions, Reporting Going Concern Matters in the Auditor's Report*, published by IFAC in May 2025.

The revised CAS 570 aims to¹:



PROMOTE

Promote consistent practice and behavior and facilitate effective responses to identified risks of material misstatement related to going concern.



STRENGTHEN

Strengthen the auditor's evaluation of management's assessment of going concern, including reinforcing the importance, throughout the audit, of the appropriate exercise of professional skepticism.



ENHANCE

Enhance transparency with respect to the auditor's responsibilities and work related to going concern where appropriate, including strengthening communications and reporting requirements.

When is revised CAS 570 Effective?

The revised CAS 570 is effective for audits of financial statements for **periods beginning on or after December 15, 2026**.

For further details, refer to the following appendices:

Appendix A

Comparison of key changes between extant CAS 570 and revised CAS 570

[READ MORE](#)

Appendix B

Illustrative examples on the impact of revised CAS 570 on the Auditor's Report

[READ MORE](#)

What are the Key Changes?

The key changes to revised CAS 570 include:

1. DEFINING MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

The revised CAS 570 includes a new definition for “**Material Uncertainty Related to Going Concern**” (MURGC).

It clarifies that the phrase “*may cast significant doubt*” refers to circumstances where both the magnitude of the potential impact and likelihood of occurrence of identified events or conditions are such that, unless management’s plans for future actions mitigate their effects, the entity may be unable to realize its assets and discharge its liabilities in the normal course of business and continue its operations for the foreseeable future (CAS 570.10, A5–A6).

2. ROBUST RISK ASSESSMENT

The revised CAS 570 enables a more robust approach for performing risk assessment procedures to determine whether events or conditions are identified that may cast significant doubt on the entity’s ability to continue as a going concern. It introduces a revised requirement for auditors to obtain audit evidence that provides an appropriate basis to support this determination (CAS 570.11, A7–A15). The revised standard also clarifies that such events and conditions should be identified on a gross basis before considering any mitigating factors in management’s plans.

3. EVALUATING MANAGEMENT’S ASSESSMENT

The revised CAS 570 introduces a new requirement to evaluate management’s assessment of going concern **regardless** of whether events or conditions that may

cast significant doubt on going concern have been identified (CAS 570.17, A34–A36). In contrast, under the extant, auditors were required to evaluate management’s assessment only when such events or conditions were identified.

The revised CAS 570 requires auditors to assess management’s judgment for potential management bias and evaluate the underlying method, significant assumptions, and data used when management formed its assessment (CAS 570.19, A35, A38–A46).

When events or conditions are identified that may cast significant doubt on the entity’s ability to continue as a going concern, the auditor shall evaluate the feasibility of management’s plans for future actions consistent with the extant standard (CAS 570.26, A59–A62). In addition, under the revised standard, the auditor shall evaluate whether management has both the **intent and ability** to carry out those plans, and explicitly obtain audit evidence about the intent and ability of third or related parties to maintain or provide necessary financial support (CAS 570.28, A63–A65).

4. EXTENDED DATE OF EVALUATION PERIOD

The auditor’s evaluation period for going concern now extends to at least twelve months from the date of approval of the financial statements – rather than from the date of the financial statement itself as in the extant standard (CAS 570.21, A50–A53). This change contributes to an assessment of more relevant, decision-useful information.

If management’s assessment covers a shorter period, the auditor shall request management to extend its assessment and take further action if management is unwilling to do so (CAS 570.22–.23, A54–A57).

5. ENHANCED TRANSPARENCY

The revised CAS 570 introduces new reporting requirements related to the auditor's evaluation of going concern. The auditor is required to explicitly conclude on:

- Whether management's use of the going concern basis of accounting in preparing the financial statements is appropriate; and
- 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.

Use of Going Concern Basis of Accounting Is Appropriate – No Material Uncertainty Exists

If the auditor concludes that the going concern basis of accounting is appropriate and **no material uncertainty exists**, the auditor shall include a separate **"Going Concern" section** in the auditor's report (CAS 570.34(a), A78–A81) (refer to [Appendix B, Illustration 1](#)).

For listed entities, if the auditor concludes that the going concern basis of accounting is appropriate and **no material uncertainty exists in circumstances** where management has made **significant judgments** in reaching that conclusion, the auditor shall include a reference to the related disclosure(s) in the financial statements, if any, and describe how the auditor evaluated management's assessment of the entity's ability to continue as a going concern (CAS 570.34(b), A73–A76, A82–A89) (refer to [Appendix B, Illustration 2](#)).

Use of Going Concern Basis of Accounting Is Appropriate – A Material Uncertainty Exists

If the auditor identifies a material uncertainty:

- And disclosures about the material uncertainty are adequate, the auditor shall express an unmodified opinion and include a separate section in the auditor's report under the heading "Material Uncertainty Related to Going Concern" (CAS 570.35, A73, A77–A79, A84–A88, A90–A91) (refer to [Appendix B, Illustrations 3 and 4](#)).
- If the disclosures are inadequate, the auditor shall express a qualified or adverse opinion, as appropriate, in accordance with CAS 705 and include "Material Uncertainty Related to Going Concern" section (CAS 570.36, A78–A79, A90, A92) (refer to [Appendix B, Illustration 5](#)).

These new requirements enhance transparency by providing financial statement users with clearer, more timely insights into an entity's ability to continue as a going concern, helping them make more informed decisions.

The revised CAS 570 also strengthens the importance of timely, two-way communication between the auditor and those charged with governance throughout the audit engagement for matters pertaining to going concern (CAS 570.41–.42, A98–A101). It expands the scope of matters to be communicated with those charged with governance.

What Can You Do?

01

Read revised CAS 570, *Going Concern*, and its *Basis for Conclusions*, which are available for CPAs via **Knotia.ca**.

READ IT

02

Regularly visit **CPA Ontario's Guidance on Compliance Knowledge Hub** to stay up to date on evolving standards.

CHECK FOR UPDATES

03

Contact the Professional Advisory Services by phone at **416-204-3106** or **1-800-387-0735 x 4456** or email us.

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Appendix A

Comparison of key changes between extant CAS 570 and revised CAS 570

Item	Extant CAS 570	Revised CAS 570
Defining MURGC		
Defining “Material Uncertainty Related to Going Concern” (MURGC) and clarifying “significant doubt”	<p>The term “Material uncertainty” is not defined.</p>	<p>The term “Material uncertainty” (related to going concern) is defined as:</p> <p>“An uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the entity’s ability to continue as a going concern.</p> <p>“May cast significant doubt” is used to refer to circumstances where the magnitude of the potential impact and likelihood of occurrence of the identified events or conditions are such that, unless management’s plans for future actions mitigate their effects, the entity may be unable to realize its assets and discharge its liabilities in the normal course of business and continue its operations for the foreseeable future.”</p> <p>Reference: revised CAS 570.10 and A5–A6</p>
Robust Risk Assessment		
Enhancing risk identification assessment procedures	<p>The auditor shall perform risk assessment procedures based on inquiry and discussion as a basis for determining whether management has identified events or conditions that, individually or collectively, may cast significant doubt on the entity’s ability to continue as a going concern.</p> <p>Reference: extant CAS 570.10</p>	<p>The auditor shall design and perform risk assessment procedures in accordance with CAS 315, <i>Identifying and Assessing the Risks of Material Misstatement</i>, to obtain audit evidence that provides an appropriate basis for determining whether events or conditions have been identified that may cast significant doubt on the entity’s ability to continue as a going concern.</p> <p>The requirements explicitly emphasize the going concern aspects of the auditor’s understanding of the entity and the entity’s system of internal control (including how management undertakes the assessment of going concern) when identifying and assessing risks of material misstatement in accordance with CAS 315.</p> <p>Reference: revised CAS 570.11–15</p>
Evaluating Management’s Assessment		
Enhancing the evaluation of management’s going concern assessment	<p>The auditor shall evaluate management’s going concern assessment and perform audit procedures if events or conditions have been identified that may cast significant doubt on the entity’s ability to continue as a going concern.</p> <p>Reference: extant CAS 570.16</p>	<p>The auditor shall in all cases:</p> <ul style="list-style-type: none"> Request management to make its assessment of going concern if management has not yet done so. Design and perform audit procedures to evaluate management’s assessment including the significant judgements made on which management’s assessment is based. Perform audit procedures to evaluate the method, significant assumptions and data used by management to make its assessment of going concern, taking into account the results of the risk assessment procedures performed. <p>Reference: revised CAS 570.16–19</p>

Item	Extant CAS 570	Revised CAS 570
Extended Date of Evaluation Period		
Extending the timeline of management's going concern assessment	<p>The auditor shall request management to extend its going concern assessment period to at least twelve months from the date of the financial statements (e.g. if year-end is Dec. 31, 2024, management's going concern assessment is required up to Dec. 31, 2025).</p> <p>Reference: extant CAS 570.13</p>	<p>The auditor shall request management to extend its going concern assessment period to at least 12 months from the financial statement approval date (e.g. if the year-end is Dec. 31, 2024, and management approves the financial statements on April 30, 2025, management's going concern assessment is up to April 30, 2026).</p> <p>Reference: revised CAS 570.21</p>
Introducing flexibility to address circumstances when management is unwilling to extend its going concern assessment	<p>The auditor shall consider the implications on the auditor's report if management is unwilling to make or extend its assessment when requested to do so by the auditor.</p> <p>Reference: extant CAS 570.24</p>	<p>If management is unwilling to make or extend its going concern assessment when requested to do so by the auditor, there is a 2-step process:</p> <p>Step 1 – The auditor shall discuss the matter with management, or where appropriate, with those charged with governance. These discussions may provide the auditor with additional information to support the appropriateness of management's use of the going concern basis of accounting in the preparation of the financial statements, over the extended period (e.g. this may be the case when the entity has profitable operations and has no liquidity concerns, and management or those charged with governance have not identified any events or conditions that may cast significant doubt beyond the period of assessment they have chosen). (revised CAS 570.22, A54–A56).</p> <p>Step 2 – If the auditor is unable to obtain sufficient appropriate audit evidence that supports the appropriateness of management's use of the going concern basis of accounting in the preparation of the financial statements, the auditor shall determine the implications for the audit (revised CAS 570.23, A57).</p> <p>Reference: revised CAS 570.22–23 and A54–A57</p>

Item	Extant CAS 570	Revised CAS 570
Enhance Transparency		
Enhancing transparency in the auditor's report	<p>No requirement of a separate going concern paragraph in the auditor's report.</p>	<p>Requires a separate going concern paragraph in the auditor's report and differentiates requirements between non-listed entities and listed entities.</p> <p>Refer to Appendix B for illustrative examples on the impact of revised CAS 570 on the auditor's report which highlights some of the following scenarios:</p> <ul style="list-style-type: none"> • The auditor concludes that no material uncertainty exists, and management's use of the going concern basis of accounting is appropriate (e.g.: Appendix B, Illustration 1). • For a listed entity, significant judgment was required to conclude that no material uncertainty related to going concern exists, after having identified events or conditions that may cast significant doubt on the entity's ability to continue as a going concern (e.g.: Appendix B, Illustration 2). • The auditor concludes that a "Material Uncertainty Related to Going Concern" exists and for listed entities, describes how the auditor addressed this matter in the audit (e.g.: Appendix B, Illustration 4).

Appendix B

Illustrative examples on the impact of revised CAS 570 on the Auditor’s Report

Excerpt from revised CAS 570	Impact on Auditor’s Report
<p>ILLUSTRATION 1</p> <p>An Auditor’s Report of an Entity Other Than a Listed Entity Containing an Unmodified Opinion When No Material Uncertainty Exists</p>	<p>Separate going concern paragraph required stating:</p> <ul style="list-style-type: none">• Management’s use of the going concern basis of accounting is appropriate.• A material uncertainty has not been identified. <p>Example of paragraph to include in the auditor’s report:</p> <p>Going Concern</p> <p><i>No Material Uncertainty Related to Going Concern</i></p> <p>In the context of our audit of the financial statements as a whole, and in forming our opinion thereon, we have concluded that management’s use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Based on the audit evidence obtained, we have not identified a material uncertainty related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern.</p> <p>Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report and are not a guarantee as to the Company’s ability to continue as a going concern.</p>

Excerpt from revised CAS 570	Impact on Auditor's Report
<p>ILLUSTRATION 2</p> <p>An Auditor's Report of a Listed Entity Containing an Unmodified Opinion When No Material Uncertainty Exists and Disclosure in the Financial Statements about the Significant Judgments Made by Management in Concluding That There is No Material Uncertainty is Adequate</p>	<p>Separate going concern paragraph is required stating:</p> <ul style="list-style-type: none"> • Management's use of the going concern basis of accounting is appropriate. • A material uncertainty has not been identified. • Include a reference to the related disclosure(s) in the financial statements. • Providing a description of how the auditor evaluated management's assessment of the entity's ability to continue as a going concern. <p>Example of paragraph to include in the auditor's report:</p> <p>Going Concern <i>No Material Uncertainty Related to Going Concern</i></p> <p>In the context of our audit of the financial statements as a whole, and in forming our opinion thereon, we have concluded that management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.</p> <p>We draw attention to Note X in the financial statements, which describes the uncertainties faced by the Company, the significant judgments made by management in assessing the entity's ability to continue as a going concern and the range of mitigating actions that have been deployed to address the effects on the Company's business activities.</p> <p><i>[Description of how the auditor evaluated management's assessment of the entity's ability to continue as a going concern in accordance with CAS 570.]</i></p> <p>Based on the audit evidence obtained, we have not identified a material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.</p> <p>Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are not a guarantee as to the Company's ability to continue as a going concern. Our responsibilities and the responsibilities of management with respect to going concern are described in the relevant sections of this report.</p> <p>Key Audit Matters</p> <p>Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the significant judgments made by management in concluding that there is no material uncertainty related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern referred to in the <i>Going Concern</i> section, we have determined the matters described below to be the key audit matters to be communicated in our report.</p> <p><i>[Description of each key audit matter in accordance with CAS 701.]</i></p>

Illustration in revised CAS 570	Impact on Auditor's Report
<p>ILLUSTRATION 3</p> <p>An Auditor's Report of an Entity Other Than a Listed Entity Containing an Unmodified Opinion When a Material Uncertainty Exists and Disclosure in the Financial Statements Is Adequate</p>	<p>Separate going concern paragraph required stating:</p> <ul style="list-style-type: none"> • Management's use of the going concern basis of accounting is appropriate. • A material uncertainty exists. • The auditor's opinion is not modified. • Include a reference to the related disclosure(s) in the financial statements. <p>Example of paragraph to include in the auditor's report:</p> <p>Material Uncertainty Related to Going Concern</p> <p>We draw attention to Note X in the financial statements, which indicates that the Company incurred a net loss of ZZZ during the year ended December 31, 20X1 and, as of that date, the Company's current liabilities exceeded its total assets by YYY. As stated in Note X, these events or conditions, along with other matters as set forth in Note X, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.</p> <p>Our opinion is not modified in respect of this matter.</p> <p>In the context of our audit of the financial statements as a whole, and in forming our opinion thereon, we have concluded that management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.</p> <p>Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are not a guarantee as to the Company's ability to continue as a going concern.</p>

Illustration in revised CAS 570	Impact on Auditor's Report
<p>ILLUSTRATION 4 An Auditor's Report of a Listed Entity Containing an Unmodified Opinion When a Material Uncertainty Exists and Disclosure in the Financial Statements Is Adequate</p>	<p>Separate going concern paragraph is required stating:</p> <ul style="list-style-type: none"> • Management's use of the going concern basis of accounting is appropriate. • A material uncertainty exists. • The auditor's opinion is not modified. • Include a reference to the related disclosure(s) in the financial statements. • Providing a description of how the auditor evaluated management's assessment of the entity's ability to continue as a going concern. <p>Example of paragraph to include in the auditor's report:</p> <p>Material Uncertainty Related to Going Concern</p> <p>We draw attention to Note X in the financial statements, which indicates that the Company incurred a net loss of ZZZ during the year ended December 31, 20X1 and, as of that date, the Company's current liabilities exceeded its total assets by YYY.</p> <p><i>[Description of how the auditor evaluated management's assessment of the entity's ability to continue as a going concern in accordance with CAS 570.]</i></p> <p>As stated in Note X, these events or conditions, along with other matters as set forth in Note X, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.</p> <p>Our opinion is not modified in respect of this matter.</p> <p>In the context of our audit of the financial statements as a whole, and in forming our opinion thereon, we have concluded that management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.</p> <p>Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are not a guarantee as to the Company's ability to continue as a going concern.</p> <p>Key Audit Matters</p> <p>Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the <i>Material Uncertainty Related to Going Concern</i> section, we have determined the matters described below to be the key audit matters to be communicated in our report.</p> <p><i>[Description of each key audit matter in accordance with CAS 701.]</i></p>

Illustration in revised CAS 570	Impact on Auditor's Report
<p>ILLUSTRATION 5</p> <p>An Auditor's Report of a Listed Entity Containing a Qualified Opinion When a Material Uncertainty Exists, and the Financial Statements Are Materially Misstated Due to Inadequate Disclosure</p>	<p>Separate going concern paragraph required stating:</p> <ul style="list-style-type: none"> • A material uncertainty exists that has not been adequately disclosed in the financial statements. • Management's use of the going concern basis of accounting is appropriate. <p>Example of paragraph to include in the auditor's report:</p> <p>Material Uncertainty Related to Going Concern</p> <p>As described in the <i>Basis for Qualified Opinion</i> section of our report, a material uncertainty exists that has not been adequately disclosed in the financial statements.</p> <p>In the context of our audit of the financial statements as a whole, and in forming our opinion thereon, we have concluded that management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.</p> <p>Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are not a guarantee as to the Company's ability to continue as a going concern.</p> <p>Key Audit Matters</p> <p>Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the <i>Basis for Qualified Opinion</i> section and in the <i>Material Uncertainty Related to Going Concern</i> section, we have determined the matters described below to be the key audit matters to be communicated in our report.</p> <p><i>[Description of each key audit matter in accordance with CAS 701.]</i></p>
<p>ILLUSTRATION 6</p> <p>An Auditor's Report of an Entity Other Than a Listed Entity Containing an Adverse Opinion When a Material Uncertainty Exists and is Not Disclosed in the Financial Statements</p>	<p>Separate going concern paragraph is required stating:</p> <ul style="list-style-type: none"> • A material uncertainty exists that has not been adequately disclosed in the financial statements. • Management's use of the going concern basis of accounting is appropriate. <p>Example of paragraph to include in the auditor's report:</p> <p>Material Uncertainty Related to Going Concern</p> <p>As described in the <i>Basis for Adverse Opinion</i> section of our report, a material uncertainty exists that has not been disclosed in the financial statements.</p> <p>In the context of our audit of the financial statements as a whole, and in forming our opinion thereon, we have concluded that management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.</p> <p>Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are not a guarantee as to the Company's ability to continue as a going concern.</p>

Disclaimer

This article is intended for general informational purposes only and may not be applicable to all audit engagements or firm circumstances. It is your responsibility to ensure compliance with **CAS 570, Going Concern** as outlined in the Assurance Handbook, based on your specific situation.