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RISK MITIGATION STRATEGIES USED IN MANAGING GOING CONCERN UNCERTAINTY ASSESSMENTS AT NOLANDS CHARTERED ACCOUNTANTS.

BY

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RELEASE FORM

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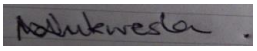
Signature of student  Date :23 August 2026

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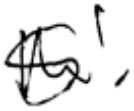
Signature of supervisor  Date: 23 August 2026

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DEDICATION

This is for my mother and I.

ABSTRACT

This study investigates the risk mitigation practices used in small audit firms to address the going concern uncertainties. The researcher was motivated to study this topic by the increasing financial uncertainty on businesses and therefore pressure on the small audit firms to provide quality going concern opinions, under limited human, financial and technological resources. The study explored the risk mitigation practices of indigenous small audit firms, analyse the effect of the resource limitation on the quality of going concern opinions and the proposed measures that can improve audit quality and risk management practices. Qualitative research approach was adopted. The target population consisted of audit partners, audit managers, senior auditors and audit clerk from selected indigenous small audit firms in Zimbabwe. Purposive sampling was used to select participants with relevant knowledge and experience in going concern evaluations. Data were collected through semi-structured interviews and document analysis. The collected data were analysed using thematic analysis with the assistance of ATLAS.Ti 25 software to identify key themes and patterns. The results indicate that indigenous small audit firms use risk-based planning, professional scepticism, client selection, internal reviews and working paper management to address going concern uncertainty risks. Therefore, the study concluded that indigenous small audit firms are not using appropriate risk mitigation strategies, but are rather doing so with respect to available resources and competency of the staff. Thus, it was recommended that training needs of the small audit firms should be improved, organized working papers, review procedures strengthening and networking emphasized.

Key words: going concern, uncertainty, audit firms, risk, mitigation, strategies

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ABBREVIATIONS

Abbreviation	Meaning
ATLAS.Ti	Archive for Technology, Lifeworld and Everyday Language Text Interpretation
IAASB	International Auditing and Assurance Standard Board
ISA	International Standard on Auditing
ISA 570	International Standard on Auditing 570: Going Concern
SMEs	Small and Medium-sized Enterprises

CHAPTER I

INTRODUCTION

1.0 Introduction

The background, problem, objective and assumption of this study are described in this chapter. It also discusses the importance of this study, together with the limitations and scope related to this research topic.

1.1Background

The last ten years have been marked by a lot of uncertainty in the global economy, whether it be the COVID-19 pandemic, geopolitical conflicts or supply chain issues. The situation has put unprecedented pressure on businesses around the world, forcing many to the brink and raising the question of whether they are a ‘going concern' to their financial statements and auditors. The going concern principle is based on the assumption that the business entity will continue to operate in the future and that there is no indication from the firm that it will be wound up or subject to severe financial difficulties in the near future. However, during periods of economic instability the going concern principle could be cast in doubt, and a detailed review of the risks that the company is exposed to would be necessary.

Accounting and auditing are a critical part of the world's financial statements, where trust and confidence is essential (Bradbury *et al.,* 2022). While it is true that there are both big firms as well as local ones in the field, the market is dominated by only a few large firms with huge amounts of expertise as well as financial muscle(Ai *et al.,* 2025). Even in the face of this domination, however, many small to medium sized audit firms have been providing auditing and assurance services(Denhere and Moloi, 2020). These types of firms, unlike the large firms may not have enough finances, technical and even manpower for the complex areas such as assessment of going concern. This has led to a focus on how smaller audit firms deal with any risks that arise from the uncertainty of going concern in the field of audit research(Ruiz-Barbadillo *et al.,* 2024).

During periods of economic instability, the assessment of an entity's ability to continue as a going concern has been growing in significance in the auditing profession(Pham, 2022). International auditing standards such as International Standards on Auditing (ISA) 570 requires auditors to evaluate whether there are material uncertainties that may cast significant doubt on entity's ability to continue operating for the foreseeable future (IAASB,2016). This duty puts auditors in a difficult position in that they are required to rely heavily on their professional judgment, especially when auditing a small and medium sized enterprise, which is usually more susceptible to economic shocks and financial instability(Hardies *et al.,* 2021). Research internationally has been conducted on going concern evaluations and audit risk management in large audit firms, but little research has been done on the nature of audit risk management in small indigenous audit firms in developing countries like Zimbabwe(Denhere and Moloi, 2020). This is an important research gap because small audit firms are often constrained in terms of resources, but are nonetheless important in the audit of SMEs and in ensuring confidence in financial reporting within the local economy.

1.2 Problem Statement

The going concern concept of a firm is one of the most challenging and risky aspects of auditing. The auditor should use his or her professional judgment in deciding whether the financial difficulties, operating problems or the adverse economic climate would threaten the survival of a company. Small and medium-sized enterprises (SMEs) do not have a financial stability and are more vulnerable to economic shocks, which makes the auditing of their financial statements more complex.

Indigenous small audit firms are crucial in offering audit and assurance services to SMEs in Zimbabwe. Typically, these local auditors are less resourced, with smaller staffs, less technical support and fewer technologies. Although the quality of audit work and going concern assessment have been the subject of many studies by researchers at large multinational audit firms, little literature exists on the risk mitigation techniques adopted by indigenous small audit firms in Zimbabwe in order to prevent professional and legal risks in going concern assessment. Hence, the problem of inadequate knowledge on risk mitigation measures adopted by indigenous small audit firms to mitigate professional and

legal risks in going concern assessment while at the same time ensuring audit quality still exists.

1.3 Objectives

i. To explore and document the practical risk mitigation strategies adopted by small audit firms to manage the professional and litigation risks associated with going concern assessments.
ii. To evaluate the effectiveness of the identified risk mitigation strategies from the perspective of audit partners and managers within small firms.
iii. To investigate the impact of limited resources (e.g. staff, technological tools, access to specialist expertise) on the depth and quality of going concern assessments in small audit firms.
iv. To propose recommendations for improving risk mitigation strategies employed by small audit firms**.**

1.4 Research Questions

i. What practical risk mitigation strategies are employed by small audit firms to manage the professional and litigation risks associated with going concern evaluations?
ii. How effective are the identified risk mitigation strategies from the perspective of the partners and managers within small audit firms?
iii. What is the impact of limited resources on the depth and quality of going concern assessments in small audit firms?
iv. What recommendations can to assist small audit firms in enhancing their approach to going concern uncertainties?

1.5 Significance of the study

1.5.1.to the investigator

This topic is of great significance to the researcher as it allows him the chance to study important matters related to going concern audit. It is through these matters that she can make a contribution to the body of knowledge in this field. The information gained can be

useful in developing further studies and policies regarding the challenges faced by native small audit firms with going concern problems.

1.5.2 to the Bindura University of Science Education

The case study research may provide useful source of literature for the future researchers and faculty members who may want to study or carry out additional studies in the research field.

1.5.3 to the Small Audit firms

The significance of the case study lies in the fact that it offers risk management techniques which can help small audit firms become resilient through the use of evidence-based approaches. In addition to that, it also helps build a framework for making decisions pertaining to going concern problems.

1.6 Assumptions

- The study is based on the existence of small audit firms.
- The study is based on accurate information collected from auditors.
- The sampled respondents provided information that is unbiased and impartial.

1.7 Delimitations

The study was focused on indigenous small audit firms operating in to individual who work in audit, accounting and advisory divisions. The evaluation was restricted within Zimbabwean geographical area. The study was focused on going concern uncertainties and mitigation strategies on audit firms.

1.8 Limitations

- The research was restricted to a small audit firm in Zimbabwe case study. This implies that not all Audit firms will be able to use the study's results.
- There were budget constraints faced by the researcher owing to expensive mobile data needed to get research data online, thus making the research highly budget-dependent.
- The researcher found it difficult to access data, so she made it clear to the audit firms that it was meant for academic purposes only.

1.9 Definitions of terminology

- **Going concern-** refers to a core concept under which an entity is expected to carry on its business indefinitely, without any plan of liquidating its business(Saleh, Diab and Abouelela, 2025).
- **Uncertainty-**is referred to as a state of limited knowledge where it is impossible to exactly describe the existing state, a future outcome, or more than one possible outcome(Borissov, 2024).
- **Audit firm-**is a company that specializes in providing assurance services primarily auditing, tax, accounting and advisory services(Shaikh, 2025).

1.10 Chapter Summary

The research background, problem statement, objectives, questions, significance, limitations, delimitations were all disclosed in this chapter by the researcher. The idea and literature that attempts to explain and clarify various researcher's perspectives on the research field will be explored in further detail in the upcoming section.

CHAPTER II

LITERATURE REVIEW

2.0 Introduction

This chapter reviews the theoretical and empirical review literature related to risk mitigation strategies and going concern uncertainty assessments in auditing. The chapter first reviews theoretical frameworks that provide an understanding of how auditors control risk in professional engagements. This is then followed with the empirical studies reviewed on going concern evaluations and audit risk management. The chapter ends with the conceptual framework that is followed in the study and research gap that the current study aims to fill**.**

2.1. THEORETICAL REVIEW

2.1.1 Conceptual Foundation of Going Concern Theory

The going concern assumption is a core accounting and auditing concept. The concept states that the business will be able to continue to operate in the future at for the foreseeable period, without any liquidation of the business or significant limiting of business activities. The going concern basis for accounting is adopted in the financial statements unless management has intentions to wind up operations or during the audit, auditors will have to conclude on whether a material uncertainty exists on business continuity, IAASB-ISA-570-Going-Concern-Revised (2024).As mentioned above ,going concern evaluation is more critical during financial distress, uncertain market condition and economic depression. Bradbury *et al.,* (2022), Pham, (2022)reported that going concern reviews affects the quality and usefulness of financial reporting and professional scepticism has been found to increase during periods of financial distress based on recurring losses, poor liquidity and management's future plans. For small audit firms, going concern assessments is more challenging because of limited resources, inadequate technology and lack of specialized expertise may affect audit procedures. Therefore, effective risk mitigation strategies are

necessary to strengthen audit judgement, improve documentation and enhance the reliability of going concern conclusions.

2.1.2 Theories of risk reduction

Risk reduction theory can define how organizations identify, assess and respond to potential threats which could impact on organizational goal achievement. In the context of auditing, risk reduction is considered as reducing the chance of an incorrect opinion, a negligence claim and any legal proceedings as a result of inadequate audit judgement. This theory is applicable for the assessment of going concern because the auditors need to react to the signs of financial distress with greater oversight, professional scepticism, obtaining additional audit evidence and thorough documentation of their judgement. Hardies *et al.*, (2021) argue that high level of audit quality is related to better supervision and review procedures while Esmeralda, (2025) connects the quality with auditor competency, governance mechanisms and engagement procedures. There is also behavioural research, showing that professional scepticism and auditor judgement have impact on quality of decisions of auditors(Barr-Pulliam, Brown-Liburd and Munoko, 2022; AlFraih and Mohamed, 2025).For indigenous small audit firms, practical assistance mechanisms such as partner review, training, peer consultation and professional network assist in overcoming the scarcity of internal resources, to help reduce audit risks (Ai *et al.*, 2025).

2.1.3 Agency Theory

In this research, agency theory helps to understand the function of the external auditor in the mitigation of information asymmetry, as well as agency conflict between the manager and the shareholder. The management holds significant insider's information and may present going concern assumptions in self-serving ways. This necessitated some monitoring by external auditors to monitor management(Alsmady, 2022).(Al-Faryan, 2024)describes agency theory as concerned with problems that arise when a principal hires a number of agents who bear less personal risk but engage in an activity at the personal risk and investment of a principal. The indigenous small audit firms in this context act as monitoring agents in going concern uncertainties because their task is to monitor management's assumptions about the continuity of the business by ensuring they are reasonable and supported by adequate audit evidence and have been adequately disclosed.

(Velte, 2023), argues that audit engagement is meant for assurance provider that provides assurance on financial statement to reduce misstatement because auditors too are subjected to resource and economical constraints, their judgment, independence and competencies might compromise. This is more pronounced in indigenous small audit firms of Zimbabwe that often struggle with fewer staffing resources, outdated technology and the lack of specialized accounting expertise, potentially limit the level of ongoing concern risk in going concern assumptions examination. Hence, in light of agency theory, indigenous small audit firms need to strengthen their risk mitigation strategies through professional scepticism, client selection criteria, partners review, directly confirming assertions and documentation to enhance the quality of audit and reduce professional and litigation risks(Alsmady, 2022; Velte, 2023)

2.2 Empirical Review

2.2.1. Practical Risk Mitigation Strategies Used by Small Audit Firms.

Empirical studies have revealed that small audit firms employ practical and resource-effective techniques to reduce professional and litigation risks of going concern judgements. These includes internal quality control, partner supervision and professional development, client screening, structured documentation, external technical support and use of analytical tools. According to Abdullahi *et al.,* (2022),partnership governance and reviewer oversight will also enhance auditor accountability and aid auditors in judgement of high-risk engagements. Additionally, the competence of auditors will enable them identify signals of financial distress, question management's assumptions and opinions as reported by (Hussaini, Baba and Saidu, 2024).

Client screening ensures that risky engagements are avoided since audit firms screen clients for risk, integrity and financial stability and client independence before taking on clients (Hardies *et al.,* 2026). (Ai *et al.,* 2025) emphasized that professional network supports all audit firms with restricted resources in providing technical expertise and training to their employees. Therefore, literature suggests going concern risk is managed by governance, professional scepticism, documentation, screening and supporting system.

2.2.2 Effectiveness of Risk Mitigation Strategies

Empirical studies show that effective risk mitigation procedures are the ones that enhance audit judgement, improve quality of evidence and ultimately support a defensible conclusion of an audit. As suggested by AlFraih and Mohamed, (2025) , auditor's experience and continuing education enhance judgement quality of auditor during complex audit engagement while (Abdullahi *et al.,* 2022)noted that partner's supervision, monitoring and review system improve audit reliability since it identifies any audit weakness before auditor issue a clean or modified opinion. Professional scepticism enhances effectiveness of going concern assumption audit since it helps auditors question management assumptions and assess the risk indicators of financial distress at critical point (Hardies *et al.*, 2021).

However, effectiveness of the risk mitigation strategies varies depending on the resources within an audit firm. According to (Mhlanga and Dzingirai, 2024) shortage of personnel, absence of modern technology and financial limitations are among some of the reasons why small audit firms cannot use new audit methods. Therefore, in order for a risk management process to be effective, it has to be realistic and coherent, in addition to being backed by enough evidence.

2.2.3 Impact of Limited Resources on Going Concern Assessments

Empirical studies have found that resources limitations seriously impact on both the scope and the quality of going concern judgements made by smaller audit firms. Insufficient staff, high workload, poor technology and lack of specialist expertise are all factors that impact on the range of audit procedures performed and professional review quality. According to (Lennox, Li and Wang, 2026), audit quality depends upon both experienced staff, appropriate timing and adequate analytical resources .of which are often scarce in small audit firms. (Fiorin *et al.*, 2025) also identify the forecasting, re-structuring and financial analytical skills which are required in assessing going concern judgements, skills which small firms may lack. Resource limitations are also important when considering audit quality because in many small audit firms use basic accounting software rather than specialized analytical tools (Pham, 2022). In line with (Manoel *et al.*, 2022), this factor combined with workload pressure may reduce the level of professional scepticism and the

quality of audit judgement. Hence resource limitations can impact on both efficiency and the depth and reliability of going concern judgements.

2.2.4. To make recommendations for enhancing risk mitigation strategies

The existing empirical evidence points out that through improved professional competence, internal review system, internal documentation system and technical support mechanisms the small audit firm could mitigate risks. AlFraih and Mohamed, (2025),found that further training as well as supervision enhances audit quality and audit judgement. Manoel *et al.*, (2022) also noted the importance of internal consultation, as well as knowledge transfer when auditor encounter uncertain going concern decisions. The client acceptance policy is also a very vital issue for small audit firm, Denhere and Moloi, (2020) found that examining client's integrity, client's financial status and engagement risk could limit auditor's risk exposure of litigation and bad publicity. Professional network as well as technical support systems could provide practical channels for small audit firm to access expertise, knowledge and professional development, which is empathized by (Ai *et al.*, 2025). Small audit firms could further improve the quality of their going concern assessment by further improving training, partner review, client screening policy, internal documentation system and collaboration with other professional associations.

2.2.5. Previous researches

Ruiz-Barbadillo *et al.*, (2024)investigate the impact of increases in audit risk on small and medium audit firm's engagement planning and performance. The findings demonstrate that audit firms applied additional audit procedures and increased professional scepticism for high-risk clients and low management integrity. The authors found that structured planning and risk-responsive audit effort enhance audit quality and reliability of audit engagements. This study contributes to the current research as it illustrates that a disciplined audit planning process with high professional scepticism and risk-based procedures enhances the going concern audit of indigenous small audit firms even under resource constraints.

Hardies *et al.*, (2021)examine how auditor's scepticism affects their decisions about going concern reporting for firms under financial distress. From their empirical results, it is evident that the greater the degree of auditors' professional scepticism, the greater their propensity to recognize the indicators of financial distress and issue appropriate going concern opinions. The authors concluded that professional scepticism enhances audit quality and helps to obtain a correct going concern opinion. It is relevant to the current study because it shows that auditor's behaviour, professionalism and scepticism are important to address professional and litigation risk in relation to going concern uncertainty in small audit firms.

Ai *et al.*, (2025) explored the link between professional accounting networks and audit quality among small international accounting firms. It was found that membership with accounting networks had resulted in audit quality improvement due to the sharing of work methods, technical support, peer reviews and professional development training. As a result of the changes in the networks audit quality increased, auditors' technical proficiency increased and the level of professional risk involved in auditing decreased. This is relevant to the present study as it indicated that mutual co-operation and support through external technical assistance are able to help an indigenous small audit firm overcome the lack of resources for going concern uncertainty reporting.

Bradbury et al. (2022) examined the quantity and quality of management disclosures about going concern uncertainty in listed companies in Australia. The results showed that the quality of disclosure varied across firms. While a number of firms have made detailed disclosures concerning financial distress factors and remediation programs; others have made limited disclosures. It concludes that lack of sufficient disclosure diminished the value and usefulness of financial statements to investors and creditors. The authors added that auditors play an important role in determining whether management disclosures regarding going concern uncertainty are adequate and believable. The current research also relates to this study as it shows the role of adequate documentation, transparency and professional judgment in reducing litigation risk and enhance the going concern judgment reliability in small audit firms.

(Denhere and Moloi, 2020) considered the main risk factors used by Zimbabwean audit firms in client acceptance decisions. They discovered that indicators that featured high on the list of engagement risks were client integrity, ability to pay audit fees and auditor independence. Factors unique to Zimbabwe identified included poor record keeping, auditor switching and the unstable economic climate. It was concluded that a good client acceptance procedure is the initial line of defence in combating audit, litigation and reputational risk especially for indigenous small audit firms which have limited resources and unstable economic circumstances.

2.2.6 Research Gap

Literature reviewed suggests that going concern assessment, professional scepticism, client acceptance, documentation and professional networks are all significant factors in audit quality ((Hardies *et al.,* 2021; Bradbury *et al.,* 2022; Ruiz-Barbadillo *et al.,* 2024; Ai *et al.,* 2025). The literature focused mostly on large and medium sized firms located in the developed countries where firms have access to technology, human resource and specialists.

Very little work has been conducted on how indigenous small firms operating in developing countries, specifically Zimbabwe go about dealing with going concern uncertainties under resource constraints and where work has been done, they seem to approach each factor in isolation of the other (scepticism, documentation, client acceptance, professional network and without regarding them as risk mitigation strategies in practice (Denhere and Moloi, 2020; Pham, 2022; Ai *et al.,* 2025).

This study intends to address this gap by identifying risk mitigation strategies adopted by one of small audit firms in Zimbabwe, evaluating their effectiveness and the influence of resource constraints on audit quality with respect to going concern uncertainty.

2.7 CONTEPTUAL FRAMEWORK

A conceptual framework identifies the relationship of variables used in a study. This research identifies the relationship of risk management approaches to managing going concern uncertainty in indigenous small audit firms. The model below shows conceptual framework model.

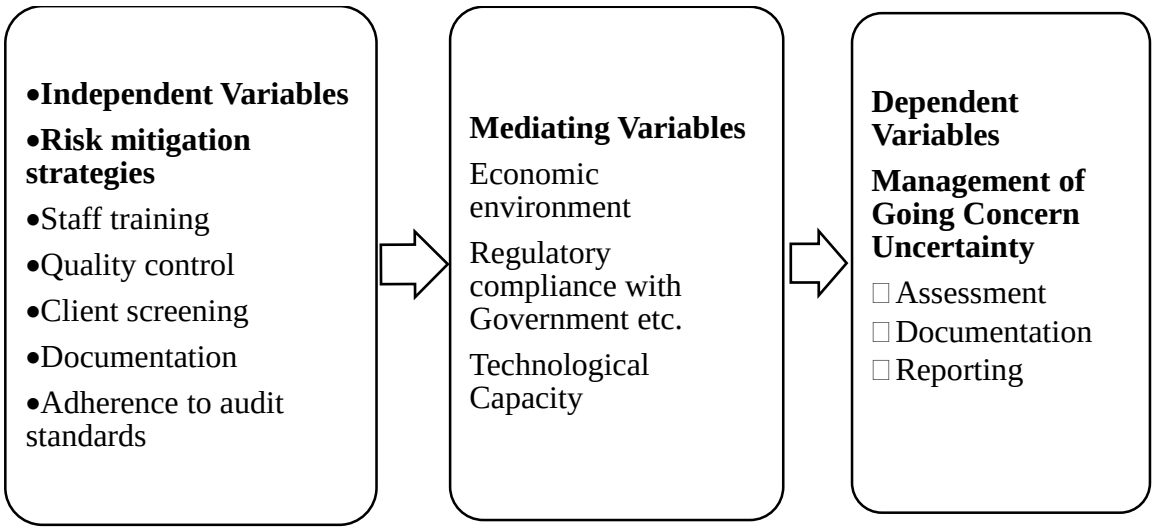

Figure 2. 1:Conceptual Framework

Source: Author

This framework illustrates that good risk management strategies have a positive relationship on going concern opinion reliability and quality, but the relationship might be weakened by lack of resources among native small audit firms.

2.6 Chapter Summary

This chapter examined the literature, both theoretical and empirical, relating to this study. This chapter described going concern uncertainty, risk management strategies and theories on audit quality and small audit firms. Empirical research on risk management, professional scepticism, governance, and audit quality was discussed and summarized. The conceptual framework depicting the interaction of risk management strategies and resource constraints on the validity of going concern assessments was discussed. Lastly, the research gap which made this study about local small audit firms in Zimbabwe necessary was addressed.

CHAPTER III

RESEARCH METHODOLOGY

3.0 Introduction

This chapter introduces the methodology applied in conducting this research. In this chapter, details on research design, population of the study, sampling strategies used, data collection methods and the way data was analysed have been described. In addition to this, the measures adopted to enhance validity, reliability and ethical considerations of this study have also been outlined. This chapter endeavours to describe clearly the methodological approach that formed the basis of the study.

3.1 Research Design

3.2.1 Qualitative Research Approach

The study used qualitative research design. Qualitative methodology was deemed the most appropriate methodology because the research design was aiming at gaining a deep insight on the risk mitigation measures adopted by indigenous small audit firms to address going concern uncertainty in Zimbabwe. As highlighted by (Emon, 2024), qualitative research methods are effective in understanding individual's viewpoints or experiences in the natural context. This research methodology gave the researcher the opportunity to come closer to respondents and understand auditor's approaches in identifying risks, coping up with mitigation and constraints faced.

3.2.2 Case Study Research Design

The study adopted a case study research design for this particular purpose, targeting the indigenous small audit firms in Zimbabwe. A case study design, as mentioned by (Bayramova and Edwards, 2025), is useful when researchers need to gain an in-depth understanding of a contemporary issue in its natural setting. The approach facilitates a detailed investigation of the management of professional and litigation risks related to

going concern assessments in audit firms. In an effort to increase the validity of the study's findings, a documentary analysis was conducted in parallel with the use of semi-structured interviews. These documents consisted of International Standards on auditing (ISA) 570 and firms' own audit manuals, along with prior audit engagement working papers. A documentary analysis helps to increase validity in the study when results are corroborated by concrete documentation and not simply by interview data, according to (Chand, 2025).

3.3 Target Population

The target population indicates all people from whom the researcher aims to draw pertinent information for a research study. In this research study, target population consists of thirty (30) audit personnel working for chosen indigenous small audit firms in Zimbabwe; i.e. audit partners, audit managers, senior auditors, and audit clerks. They are chosen due to their participation in audit planning, going concern decisions, risks identification, audit evidence work and audit review work, as they are familiar and possess experience required to give information regarding going concern uncertainty management and its associated professional risks by the indigenous small audit firms.

Table 3. 1:Target Population

Population strata	**Population**
Audit partners	2
Audit managers	4
Senior auditors	10
Audit clerks	14
Total Population	**30**

3.4 Sampling Techniques and Sample Size

3.4.0 Sampling technique

Purposive sampling was used for this study because it involved participants who have first-hand information and the experience of going concern evaluation. The audit partners, audit managers, senior auditors and audit clerks was selected purposely due to their involvement in audit planning, risk identification, collecting evidence, documenting it and review

process of the audit. Purposive sampling fit because the study was to gain in-depth information of the procedure indigenous small audit firms undertake to tackle issues of going concern uncertainty and the risks associated.

3.4.1 Sampling Size

Table 3. 2 Sample Size

Position	Number of participants
Audit partners	2
Audit managers	3
Senior auditors	5
Audit clerks	5
Total	**15**

Qualitative studies aim at information rich rather than high participant participants. The selected participants were appropriate in that they were found to have experiential and practical experience of going concern assessments, audit documentation, and of risk reduction processes in indigenous small audit practices.

Table 3. 3:Response Rate

Category of Participants	Actual Responses
Audit Partners	2
Audit Managers	3
Senior Auditors	5
Audit Clerks	4
Total	14

Source: Field Data (2026)

Calculation of response rate = 14/15*100=93%

Table 3.3 shows that the total response rate from the all-target respondents was 93%, this has enabled reliability and completeness of data due to the fact that all of the selected key audit personnels agreed to take part.

3.5 Research Instruments

3.5.1. Semi structured interviews

Primary data were gathered through conducting semi-structured interviews. Semi-structured interviews are based on pre-defined questions, but also give interviewees the freedom to express themselves as they deem necessary(Braun and Clarke, 2023). The interview was conducted with audit partners, managers, seniors and audit clerks in the indigenous small audit firms in Zimbabwe since they have practical experience regarding going concern judgments (Saunders et al., 2023). The interview centred ongoing concern risk identification, going concern mitigation strategies and resource constraints.

3.5.2. Document Analysis

As a secondary method of data collection, document analysis was employed. Chand, (2025)defines it, "Document analysis is a method where previously recorded data is used and information of relevant nature to study purpose is extracted." Thus, audit standards, audit firm instructions, and previous research into going concern assessment and methods of minimizing risk were documented. This process was helpful in cross-referencing interview findings and therefore contributing to the reliability and validity of the study (Braun and Clarke, 2023).

3.6 Data Collection Methods

Triangulation was enhanced by utilizing primary and secondary data sources to improve credibility of the finding(Hirose and W. Creswell, 2025).

3.6.1 Primary data collection

The data were collected from semi-structured interviews with audit partners, audit managers, senior auditors and audit clerks of indigenous small audit firms in Zimbabwe. These interviews were vital in providing first-hand insights on how auditors deal with going concern risks, going concern risks identification and mitigation approaches used during audit engagements and response strategies during resource constraints. Data collection was done after the approval of the study and interviews were schedule at convenient times for all the interviewees. All the important discussions and follow-up questions were recorded through note taking.

3.6.2 Secondary data collection

Secondary data were obtained through document analysis. Documents of ISA 570, firm's internal audit procedures manual and past working papers were analysed by researcher to study the procedures followed and documentation and review of processes when small firms perform going concern assessment procedures. Documentary data was valuable because it corroborated interview findings, and minimized reliance only on interviewees' perspectives (Braun and Clarke, 2023).

3.7 Procedures of Data Presentation and Analysis.

Responses to interview questions and documentary evidence were thematically analysed using ATLAS.Ti 25 software to extract themes related to the research objectives. Initially, research notes and documents were reviewed by the researcher in the development of initial ideas which were then coded and categorized to themes, namely risk mitigation strategies, their effectiveness, resource limitations and recommendations for the enhancement of those strategies. Evidence from firms' manuals, ISA 570 and previous audit files was utilised to validate participant responses. Data was summarized in tables, theme descriptions and by the use of quotations from interview participants

3.8 Reliability

Reliability describes the consistency and stability of research findings when the same procedures are applied(Ganesha, 2022). In order to maintain reliability, each interview followed the same questions set by the researcher on a structured interview guide. All responses were completely transcribed and detailed accounts of the transcripts and method of analysis were kept.

3.9 Validity

The degree to which the results of research are true and are representative of the phenomenon under investigation is referred to as validity(Lim, 2024) . Participants that were previously involved in the audit profession and the use of going concern evaluation were present. Triangulation was also used to increase the credibility of findings through semi-structured interviews and analysis of document.

3.10 Ethical Considerations

All ethical considerations were taken into account during the research project. Subjects were made aware of the aim of the research; participation was on a voluntary basis and informed consent was given by all subjects prior to interview. Anonymity and confidentiality were maintained throughout the report as no names of persons or company were presented in the research. Interview transcripts were kept in secure files and used only for academic purpose.

3.11 Summary

This chapter presented the methodology of the research used in the study. This involved the research design, the population target, sampling methods and instruments for data collection. This chapter also discussed the thematic analysis method, the concept of validity, reliability and ethical issues which were applied to produce believable and dependable results. The following chapter presents and analyses the findings.

CHAPTER IV

DATA PRESENTATION, ANALYSIS AND DISCUSSION

4.0 Introduction

The chapter analyses and presents the results relating to risk mitigation techniques applied by indigenous small audit firms to overcome going concern uncertainty in Zimbabwe. Data were obtained through semi-structured interviews and document analysis, which were interpreted using thematic analysis and Atlas.TI.25 software. Resource constraints as influences of audit quality and professional judgement are analysed**.**

4.1 Document Analysis (Secondary Data)

Document analysis was also carried out to support the interview data and offer more insights on the procedures for evaluating going concern adopted by indigenous small audit firms. Among the analysed documents were audit working papers, risk assessment templates, going concern checklist and audit planning documents. The analysis indicated that most of these firms employed well-structured procedures based on ISA 570 for assessing going concern: most of the firms had a procedure focusing on liquidity, obligations to creditors, cash flow trends, recurring losses, and management forecast estimates.

Document analysis also found variations in the quality of documentation in each of these firms. Some had elaborated working papers and proofs of management consultations, while some, as a result of technological and resource constraint, had sparse documentation and plain template. It is found that even in view of those challenges, indigenous small audit firms have also kept improving audit quality by means of partner review and exercise of professional judgment along with complying with auditing standards.

4.2 Going Concern Assessment Practices Analysis

This section reveals evidence on the way how small indigenous audit firms conduct assessment on the client's capacity to remain as a going concern. The purpose was to discover the tangible signs and steps employed by auditors during going concern evaluation. Information was obtained through interviewing the audit partner, audit manager, senior auditor and audit clerk and evidenced through the evidence of ISA 570, checklists and working papers of audit firm.

Table 4. 1:Going Concern Assessment-Key Indicators Used by Firms

Indicator Category	**Specific Indicator**
Financial distress	Recurring operating losses
	Negative net assets
	Liquidity ratio <1
	Loan covenant breaches
Operational	Ageing creditors (>90 days)
	Overdue taxes and statutory obligations
Zimbabwe Specific	Ability to pay in foreign currency
	Unstable revenue streams

Source: Interview data (2026)

These findings reveal that small indigenous audit firms apply a combination of financial, operational and Zimbabwe specific factors to evaluate the going concern. Recurring operating losses were highlighted as the most prominent indicator while negative net assets, poor liquidity and loan covenant breaches were indicated as important indicators due to their implication on solvency, cash flow and finance capacity.

Operational indicators such as ageing creditors and over-due statutory obligations suggests that auditors do not use accounting ratios on going concern risk assessment but rather consider whether or not the client is able to meet their daily obligations. The rationale is

that the inability of the client to meet their daily obligations is a signal of going concern failure.

Zimbabwe specific indicator of the capacity to pay in foreign currency and fluctuating revenues indicates that auditors take into account the local economic context of business operating in Zimbabwe. Exchange rate volatility, liquidity problems and unstable revenues increase the risk of audits in Zimbabwe. Therefore, auditors of small indigenous audit firms apply the relevant factors to make the going concern evaluation more meaningful, rather than just use standard checklist approach. Table 4.1 demonstrates that the going concern evaluations performed by small indigenous audit firms are evidence-based and risk-focused, although the quality and depth of the evaluation still largely depends on the professional judgment of the auditors as well as the quality of client information obtained, thus concurring with (Pham, 2022) in saying that financial distress indicators affect audit judgment on going concern and with (Lynch, Lynch and Cullinan, 2020) on how uncertain circumstances require cautious evaluation of uncertainties.

4.2.2 Going Concern Risk Level

Going concern risk is not calculated as a fixed percentage, the findings show that indigenous small audit firms classify engagements into low, medium and high-risk categories based on the number, severity and combination of risk indicators identified. This approach allows auditors to determine the level of audit response required and to allocate additional attention to engagements with greater uncertainty.

Table 4. 2:Going Concern Risk Classification

Risk Level	Indicators Present	Auditor Response
Low	No distress indicators	Standard procedures
Medium	1 to 2 indicators, manageable	Additional procedures, emphasis of matter
High	Multiple severe indicators (e.g., negative equity plus loan default)	Modified opinion, withdrawal

Source: Anonymized firm engagement files (2026)

Based on the results, the majority of the engagements were classified as low risk. This indicates that standard audit work procedures would have been acceptable in a lot of cases. Medium risk engagements where further work had been carried out. On cases were there was high risk, the auditors have required increased audit response (modified opinion, withdrawal from appointment). This implies that classification is an effective internal control to guide audit work, safeguard professional judgment and limit potential litigation exposure of small audit firms. Going concern assessment can be seen as an audit risk assessment process and also a regulatory requirement. Higher audit risk clients should involve more professional scepticism, enhanced documentation, increased partner involvement for supportable audit opinion conclusions (Hardies *et al.*, 2021; Bradbury *et al.*, 2022; Pham, 2022). Moreover, risk based planning and stringent client screening will enable small auditing firms mitigate risks of audit failure, damage of reputation and legal liabilities (Denhere and Moloi, 2020; Ruiz-Barbadillo *et al.*, 2024).

4.3 Risk Mitigation Strategies Employed

This section addresses Objective 1, which sought to explore and document the practical risk mitigation strategies employed by indigenous small audit firms in managing going concern uncertainty. The evidence came from interview with firm partners and examination

of firm manuals. Results indicate that the firms utilized a variety of preventive, procedural and behavioural techniques to mitigate professional and litigation risk when conducting high risk audits. The majority of identified techniques had a focus of enhanced audit judgement, increased reliability of evidence, and protection of audit quality under uncertainty.

Table 4. 3:Risk Mitigation Strategies Identified

Strategy	**Description**	**Frequency of Use**
Tightened client acceptance	Decline high-risk client without recovery	Always
Increased audit fees	Higher fees for distressed clients	Often
Mandatory partner review	Partner reviews all going concern files	Always
Direct lender confirmations	Obtain bank letters directly, not via management	Always (high-risk)
Heightened professional scepticism	Challenge optimistic forecasts, ask "What if"	Always
Structured documentation	ISA 570 memorandum in every file	Always
Consultation with internal partner	Discuss high-risk cases with partner	Often
Second partner review	Independent second partner	Rare
Resignation	Withdraw if evidence insufficient	Rare

Source: Interview data (2026)

In these circumstances, it suggests that the stricter client acceptance procedures is one of the main preventative mechanisms operated by small audit firms. Respondents argued that engagements in which financial distress is perceived to be too extreme and/or recovery

prospects are not present were deliberately not accepted. It thus appears that small audit firms attempt to control their risk exposure during engagement acceptance prior to significant professional liability having been generated.

The results also showed that the application of mandatory partner review and the increased level of professional scepticism was maintained throughout the going concern audit work. Several of the auditors said that those audits characterized by financial distress need tighter review, critical questions and management assumptions. The auditors explained that they question aggressive management forecasts, seek corroborative evidence themselves, and perform more intense examination in riskier audits. It means that sceptical judgement is essential for more reliable conclusions.

The research found that organized documentation is an essential part of the risk management procedures employed by indigenous small audit firms, and the use of ISA 570 memos, links between procedures and organized working papers were all seen as instrumental in enhancing audit defensibility and supporting professional judgment. Even junior members of the audit team were seen to have a key role in maintaining the quality of documentation and completion of working papers.

Additional findings also indicated that at times firms used more aggressive safeguard strategies such as second partner review, higher audit fees and resignation from engagement if there is an absence of adequate audit evidence. These are used more sparingly by reason of the shortage of resources and the smaller scale of indigenous firms.

Overall, the findings would suggest that the control strategy used by indigenous small audit firms primarily relies on preventative engagement controls, professional skepticism, partner reviews and disciplined documentation to deal with going concern uncertainty. These strategies appear to enhance audit and minimize the risks of quality professional and litigation liability even in the constrained working environment of small audit firms in Zimbabwe.

4.4 Effectiveness of Risk Mitigation Strategies

This section addresses Objective 2, which sought to evaluate the effectiveness of the identified risk mitigation strategies from the perspectives of audit partners, managers and

senior auditors. Participants were asked to determine how well each strategy could work, based on practical audit experience, and how well each strategy would assist in the enhancement of going concern decisions and the decrease of professional liability.

Table 4. 4:Effectiveness Ratings

Strategy	P1(Partner)	P2(Manager)	P3(Senior)	Average
Client acceptance	4	3.5	3	3.5
Partner review	5	5	4	4.7
Scepticism	5	5	5	5.0
Direct confirmations	5	5	5	5.0
Documentation	4	3.5	3.5	5.0
Second partner review	3	2	1.5	2.2

Source: Interview data (2026)

Based on these findings, professional scepticism and direct confirmations were perceived to be the most powerful risk management tools and every partner awarded the highest rating for each. Partners stated that these actions provide an enhancement to the quality of audit evidence and less reliance on Management's undocumented assertions. Partner review also received a high rating and it reflects the perceived benefit of having senior involvement and judgement in high-risk engagements. The participants noted that partner review increases review quality and supports audit conclusion's reliability. Client acceptance procedures were found to be moderately effective as while this measure can reduce the firm's exposure to risky clients, market pressures are sometimes evident where firms cannot reject all engagement opportunities. Documentation was perceived to be effective in

supporting compliance and audit defensibility, though some inconsistencies in this and follow up actions were noted. Second partner review received the lowest ratings, due to very small firms lack sufficient senior staff.

In conclusion, indigenous small audit firm seems to believe that scepticism, direct confirmations and partner review is the most effective in managing going concern uncertainty however, lack of resources prevented effective use of certain procedures.

4.5 Impact of Limited Resources ongoing Concern Assessments

This section addresses **Objective 3** (impact of limited resources: staff, technology, specialist expertise).

4.5.1 Staff Shortages and Workload Pressure

The results suggest that lack of staff weakens going concern testing. The senior auditor stated that the workload is high because there are too many clients to investigate properly in a limited time. One audit partner believes that too few staff can limit the number of detailed tests and affect report timing as pressure is high on the senior auditors. One audit clerk indicated that the pressure to complete tasks quickly arises at peak times. Overall, this suggests that workload pressure reduces the level of depth in an audit.

4.5.2 Technological Constraints

The results also shows that reliance on Excel restricted the complexity of going concern opinions. The audit manager mentioned that it is not easy for the firm to be able to perform Altman Z-score or complicated stress testing. The senior auditor also highlighted that although Excel is useful, it is not quick and further advanced software can lead to better testing of scenarios and recording. Weak technology can impact upon effectiveness, limit prediction capabilities and reduce going concern defensibility.

4.5.3 Limited Access to Specialist Expertise

The research also indicated that consultation with external specialists is constrained by costs. The audit partner stated that outsiders were consulted infrequently in specialist cases and only if the problem was particularly difficult to resolve whereas the audit manager said most problems were sorted internally between particularly difficult to resolve whereas the

audit manager said most problems were sorted internally between partners and managers. Internal consultation is also helpful but because access to specialist advice is often limited, this limits the in-depth examination possible for distress situations and thus raises the professional risk.

4.5.4 Adaptive Coping Mechanisms

Regardless of these factors the firm adopts an adaptive approach to ensure audit quality is maintained. The audit manager indicated that clerk tine is redirected to help with the documentation whereas more of senior staff is allocated to analytical work. The audit partner commented on the prioritization of high-risk areas to cover going concern. Resourcefulness can be seen but it also highlights the extent that low resources place an even bigger pressure on senior staff and can also lead to a thinner audit.

4.6 Qualitative Data Analysis using ATLAS.Ti 25

4.6.1 Introduction

Interviews were used to obtain qualitative data that was analysed via ATLAS.Ti 25. Data was analysed through coding, pattern identification and grouping responses into themes related to the study objectives.

4.6.2 Word Cloud of dominant themes in Nolands Chartered Accountants

The word cloud analysis confirms that the key words that dominate the interviews were professional scepticism, resource constraints, review processes and documentation. Scepticism and risk confirm their place as the core elements of the going concern assessment as evidenced by (Hardies *et al.*, 2021) where they indicated auditors with high scepticism were significantly more likely to identify indicators of financial distress and provide a valid going concern opinion.

Resource constraints ,pressure and staff confirmed that resourcing is a key factor which lends support to (Lennox, Li and Wang, 2026) who concluded that an engagement of high quality will most probably have the backing of experienced personnel, sufficient time allocated for substantive analytical review to gain a better understanding of the business and its underlying economic process. Client review and confirmations all relate to

preventive mechanisms such as client acceptance and detective mechanisms such as partner reviews, third party confirmations .This supports (Denhere and Moloi, 2020), who advised that stringent client screening would allow the firms to avoid audit opportunities that would increase professional risk exposure.(Abdullahi *et al.*, 2022) found that systematic monitoring could improve reporting reliability.

The frequency of documentation and training address both the technical procedure and human capital supporting (Bradbury *et al.*, 2022) who acknowledged the importance of documented evidence of the application of adequate professional judgement. AlFraih and Mohamed, (2025) also stated that the quality of audit varies directly with professional development. The interconnection between the terms where scepticism features near forecasts, review near documentation, resources near pressure indicates a systematic pattern as experienced in the research. This results in the cycle of pressure that occurs as a result of the resource constraint which will be at the risk of a rushed procedure and thus weak documentation as outlined in Chapter 2. This will expose the audit engagement to higher risk for the professionals involved.



Figure 4. 1:Word cloud for themes of Nolands interviews

Table 4. 5:Code Frequency Analysis

Table 4.5 Code Frequency Summary (ATLAS.Ti 25 Main Empirical Code Frequencies)

Code ID	Identified Interview Theme	Grounded Frequency	Systematic Audit Issue
GC01	Going concern Assessment Process	52	Structured evaluation of management forecasts and ISA 570 compliance
GC02	Financial Distress Indicators	54	Identification of recurring losses, liquidity problems and covenant breaches
GC05	Risk Mitigation Strategies	52	Layered strategies including client screening, scepticism and partner review
GC10	Professional Scepticism	16	Critical behavioural safeguard for challenging management optimism
GC14	Resource Constraints- staff	17	Workload pressure and reduced depth of going concern testing
GC15	Resource Constraints- - technology	16	Excel-only analysis limits predictive modelling and stress testing

GC17	Documentation practices	17	Structured ISA 570 memoranda and working paper management
GC18	Documentation challenges	17	Inconsistent quality and time pressure affecting defensibility
GC23	Effectiveness of Strategies	15	Moderate effectiveness (6.5-7 out of 10 due to resource constraints
GC24	Professional Risk	15	Management pressure and poor documentation increase litigation exposure
GC30	Improvements needed	15	Training, affordable technology and shared technical helpdesk
GC36	Final Recommendations	15	Practical measures for strengthening audit quality in small firms

Source: Extracted from ATLAS.Ti 25

According to the ATLAS.Ti results the most common theme was the "Financial Distress Indicators" followed by "Going Concern Assessment Process" and "Risk Mitigation Strategies". The main concentration of these small indigenous audit firm was on identifying the indicators and controls of the going concern of an entity such as client review, professional scepticism, direct confirmations, partner review and documentation. The

constraint on resources appeared to be a contributing factor which has impact on the depth and quality of audit work


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Figure 4. 2:Sankey diagram showing themes

Source: Extract from ATLAS.Ti25 primary data (2026)

The thematic network produced by using ATLAS.Ti graphically represents the interconnectedness of the themes selected for the study. The results demonstrate that professional scepticism, resource constraints and documentation issues are intertwined and affect each other. The network reveals that auditors depend on professional scepticism to be used as a behavioural reaction to over-employment and low technological capacity. In addition, the results present that time pressure and work pressure negatively impacts documentation quality in high-risk audit work.

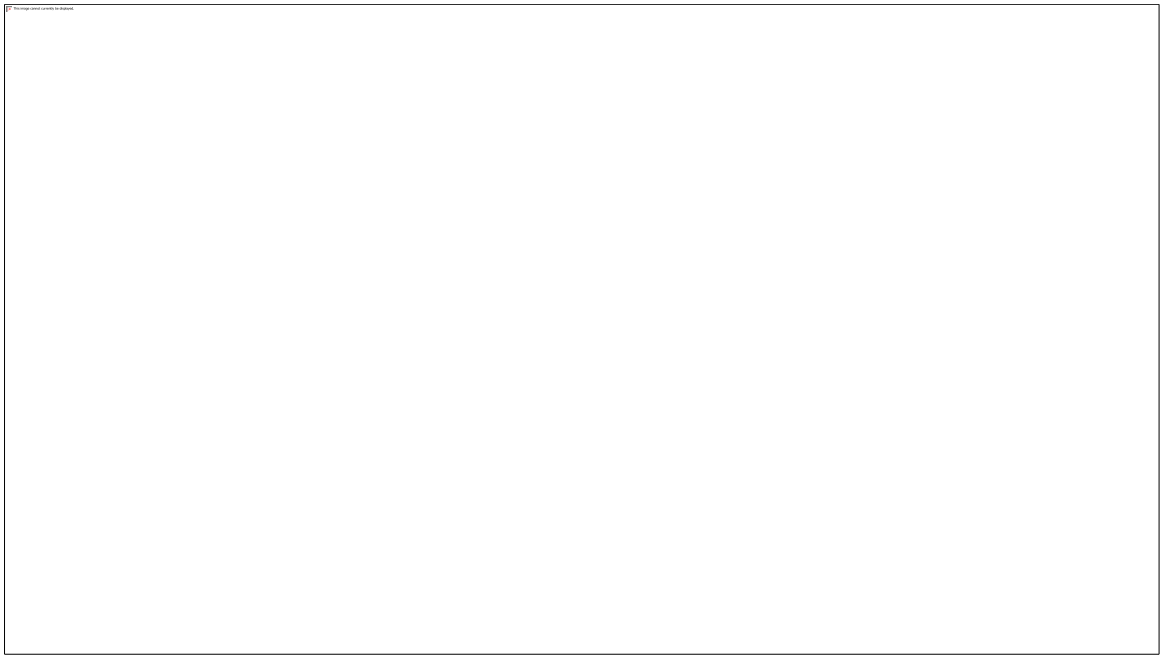

Figure 4. 3:ATLAS.Ti Network Flow Diagram of Going Concern Assessment Themes

Source: Researcher's ATLAS.Ti Output (2026)

The ATLAS.Ti network flow diagram presents the links between the key themes from the interview data. The diagram suggests that going concern assessments process, financial

distress indicators and risk mitigation strategies are significantly correlated. This implies that auditors search for financial indicators, apply procedures and mitigation strategy to assess the going concern issues. The diagram clearly suggests that resource constraints including insufficient staffs and shortage of equipment could compromise the richness and accuracy of the going concern process.

4.6.4 Co-occurrence Analysis

Table 4. 6:Co-occurrence matrix

Conceptual Code ID	**[C-01]**	**[C-02]**	**[C-03]**	**[C-04]**	**[C-05]**	**[C-06]**	**[C-07]**	**[C-08]**	**[C-09]**	**[C-10]**
[C-01] Code ID	0	0.15	0.25	0.26	0.27	0.26	0.26	0.26	0.25	0.50
[C-02] Code Name	0.15	0	0.25	0.25	0.26	0.25	0.25	0.25	0.25	0.52
[C-03] Documentation Challenges	0.25	0.25	0	0.78	0.82	0.78	0.74	0.74	0.70	0.16
[C-04] Final Recommendations	0.26	0.25	0.78	0	0.93	0.88	0.82	0.82	0.78	0.14
[C-05] Participant ID	0.27	0.26	0.82	0.93	0	0.93	0.88	0.88	0.82	0.13
[C-06] Professional Risk	0.26	0.25	0.78	0.88	0.93	0	0.82	0.82	0.78	0.14
[C-07] Resource Constraints-Technology	0.26	0.25	0.74	0.82	0.88	0.82	0.00	0.78	0.74	0.15
[C-08] Second Partner review	0.26	0.25	0.74	0.82	0.88	0.82	0.78	0	0.74	0.15
[C-09] Second Partner Review	0.25	0.25	0.70	0.78	0.82	0.78	0.74	0.74	0	0.16
[C-010] Survey Questions	0.50	0.52	0.16	0.14	0.13	0.14	0.15	0.15	0.16	0

Source: Extracted from ATLAS.Ti 25 Project Unit via the co-occurrence matrix

Co-occurrence matrix shows an inherent cycle occurring in the small indigenous small audit firm where restricted technology leads to poor documentation quality and scepticism reducing professional risk exposure. Professional risk co-occurs highest with Final Recommendations (0.93) and Professional Scepticism (0.82), confirming scepticism as the key buffer to the exposure of risk, and that exposure of risk leads to reforms.

Resource Constraints-Technology co-occurs well with Professional Risk (0.82) and Documentation Challenges (0.74) confirming that restricting use of technology leads to high levels of exposure and poor audit defensibility. Second partner review occurs co-occurring strongly with Professional Risk (0.78) confirming that limited oversight increases levels of perceived risk exposure. These findings suggest a co-occurring cycle which resource, control and technology controls have combined impact on the audit quality of the small indigenous accounting firms.

4.7 Thematic Analysis of Qualitative Findings

The qualitative data collected was then categorized into four main themes according to the research objectives. The themes are representative of the real-world situation faced by indigenous small audit firms in the context of going concern uncertainty and resource limitations.

4.7.1 Theme 1: Practical strategies used by indigenous small audit firm

The indigenous small audit firm adopt corrective and preventive strategies to manage the risk of going concern uncertainty.

One participant explained:

"We restrict client acceptance, raise audit fees, use second partner review, carry indemnity insurance and in some instances, terminate the engagement if the client will not accept the forecast." (Participant 1)

Similarly, another participant stated:

"I use increased professional scepticism. I don't take verbal assurance and I do direct lender confirmations." (Participant 3)

The results suggest indigenous small audit firm employs a mix of layered audit controls in terms of client acceptance, extra audit fee, professional scepticism, direct confirmation and resignation. This aligns with (Hardies *et al.,* 2021) findings of adequate risk management and planning and review practice. Denhere and Moloi, (2020) suggested that risk of client acceptance mitigates reputational and litigation risk.

4.7.2. Theme 2: Effectiveness of Strategies used

The theme explains the effectiveness of strategies used by Nolands.

One participant noted:

"Moderately effective 7 out of 10. Our strategies are effective for most engagements, but resources can limit the potential of our strategies." (Participant 1)

Another participant added:

"Seniors sometimes record conclusions without providing supporting evidence. I ask a lot of 'why' and 'what evidence supports this?" (Participant 2)

The respondents considered professional skepticism and partner review as the most effective controls, while poor documentation and limited second partner review contributed to the loss of audit quality effectiveness. This conclusion aligns with the views of (Abdullahi *et al.,* 2022) that the structured use of review contributes to the effectiveness of audit. Bradbury *et al.,* (2022) argues that poor documentation reduce the credibility of the audit and (Ruiz-Barbadillo *et al.,* 2024) found that limitations of resources impact the response in an audit.

4.7.3 Theme 3: Impact of Limited Resources

The major constraints encountered by respondents included insufficient staffing levels, technology constraints and access to specialized knowledge.

Senior auditor explained:

"Often work on 4–5 clients at a time, I would like to have 2–3 days to do a thorough assessment, but since there is limited staff I sometimes only have 1 day." (Participant 3)

An audit manager stated:

"Working with Excel and basic audit software – Not capable of easily doing Altman Z scores or complex stress testing." (Participant 2)

The audit clerk also observed:

"Some of the senior's handwritten notes are hard to read – abbreviations, no dates, etc. – I have to ask for clarification." (Participant 4)

The findings show that staff shortages, workload pressure and weak technology reduce audit depth, documentation quality and analytical testing. This agrees with (Lennox, Li and Wang, 2026), who linked audit quality to staff experience and review time. (Mhlanga and Dzingirai, 2024) and (Pham, 2022) also found that limited resources and basic software restrict audit procedures, while (Manoel *et al.*, 2022) linked workload pressure to weaker judgement.

4.7.4 Theme 4: Improvements and Recommendations

Participants also offered practical and economical changes which would reinforce audit quality and risk management.

One participant stated:

"Enhanced training on ISA 570, lower cost of technology and having a professional body run a technical helpdesk." (Participant 1)

Another participant added:

"Industry specific going concern templates. More frequent peer reviews for learning. Better budgeting to allocate more hours." (Participant 2)

The senior auditor further recommended:

"An easy to use, Excel based distress prediction tool with automated red-flag alerts via the Altman Z-score." (Participant 3)

The results indicate the importance for small audit practices to be equipped with recurring training, accessible analysis tools, peer support, a common technical assistance hub, and concrete rules around client acceptance and resignation. This is consistent with research by (AlFraih and Mohamed, 2025) who found that training leads to enhanced judgements, (Ai *et al.,* 2025)who stated that peer-based networks provide critical assistance, and(Pham, 2022) who highlighted that well documented processes enhances audit transparency.

4.8 Summary

This chapter discusses findings derived from audit personnel interviews and a review of documents. The research discovered that staffing shortage, Excel and lack of specialized personnel affects the comprehensiveness of the going concern assessment process. Therefore, more training, affordable analytical tools, centralized technical supports, sectorial documents and well-defined withdrawal policies would make the indigenous small audit firms more effective.

CHAPTER V

SUMMARY, CONCLUSIONS AND RECOMMENDATION

5.0 Introduction

This chapter summarizes and concludes the study with recommendations on risk mitigation practices in indigenous small audit firms in assessing going concern uncertainty in Zimbabwe. This chapter summarizes the key findings based on interviews and documents review and also draws conclusion based on the objectives of the study and offers recommendations to improve risk management and going concern assessment practice in indigenous small audit firms.

5.1. Summary of the study

The purpose of the study was to investigate the risk mitigation practices that indigenous small audit firms use when conducting going concern assessments under going concern uncertainty in Zimbabwe. The rationale for the study is the heightened financial uncertainty that firms face as well as the challenges imposed on small audit firms who are expected to provide reliable going concern evaluations, yet with reduced staff, resources and technology. The going concern uncertainty area had been studied quite extensively with large international firms, however, limited empirical evidence is available regarding going concern practice in indigenous small audit firms, especially under the challenging Zimbabwean environment.

5.2. Summary of the findings

The first objective was to investigate risk mitigation practices used by indigenous small audit firms in mitigating professional and litigation risks on the going concern assessments of the client engagement. The results established that client acceptance procedures, professional scepticism, direct confirmations, partner review, and ISA 570 documentation are used by the firms. The results are aligned with (Denhere and Moloi, 2020) who argue

that client acceptance reduce engagement risk; and (Hardies *et al.,* 2021) suggested that professional scepticism improves the likelihood that auditors identify the indicators of the financial distress. It is consistent with (Bradbury *et al.,* 2022)who underscore the importance appropriate documentation. The second objective was to assess the extent to which the selected risk mitigation procedures reduce both professional and litigation risks for indigenous small audit firms on the client engagement. The study found that the highest effective risk mitigation measures were professional scepticism, direct confirmation, and partner review which improves evidence quality and judgment as recommended by(Abdullahi *et al.,* 2022) who contend that proper review improves the quality of an audit and (Ruiz-Barbadillo *et al.,* 2024)who suggest that smaller firms alter the extent of audit effort in response to higher engagement risk, however, ineffective documentation and inadequate second partner review may limit the effectiveness of these risk mitigation procedures. Resource constraint issues constrain full application of these procedures.

The third objective was to explore how limited resources constraint influence depth and quality of the going concern assessment by indigenous small audit firms. The results indicates that, the problem of having shortage of staff, heavy workload pressure, Poor accounting software/technology, and Limited specialized expertise affect the breadth of an audit, quality of the audit evidence and tests of analytical, as identified by(Pham, 2022) who noted that small firms typically rely on basic software and(Manoel *et al.,* 2022) who report a link between heavy work load and weak judgement. These limit the effectiveness of going concern assessment process in indigenous small audit firms. The fourth objective was to formulate recommendations for improving the risk mitigation process. The result indicated indigenous small audit firms should undergo regular ISA 570 Training, provide accessible affordable Analytical Tools, establish Standardised Working paper Templates, offer Shared Technical Support and Peer Review; and Develop Clear Client acceptance or resignation policies, as recommend by (Ai *et al.,* 2025)who emphasizes professional networks role in helping the smaller firm improve quality; and (AlFraih and Mohamed, 2025)who suggested training to improve the judgement and ability of the smaller firms.

5.3 Conclusions

Objective 1 The study concludes that small, indigenous audit firms do use actual risk mitigation procedures when handling going concern risk. This suggests these firms are neither passive nor random in their audit approach to going concern; instead, they use a combination of client screening, professional scepticism, confirmations, partner review and documentation to reduce professional and litigation risk.

Objective 2 The study concludes that although the strategies used by small indigenous audit firms are helpful, they are not wholly effective, particularly where there is inconsistent application, or where firms lack sufficient senior review, adequate documentation and technical capacity. This implies risk that risk mitigation cannot be solely effective without strict internal quality control systems.

Objective 3 The study concludes that the severity of limitations in terms of resources undermine the depth and quality of going concern audits. It means that the lack of qualified staff, heavy workload demands, basic technology, and inadequate use of specialists limit the auditor's capacity to conduct thorough and substantive going concern evaluations. Consequently, to obtain sufficient evidence, such as formal representations, for an accurate opinion.

Objective 4 The study concludes that small indigenous audit firms would benefit from practicable, cost-effective improvements instead of sophisticated, costly systems. Training and support forgoing concern techniques, accessible analytical software, informal peer review support and clear resignation policies should offer a solution that reflects the realities faced by small audit firms.

5.4 Recommendations

The recommendations are proposed based on the research findings and conclusions

Professional Scepticism

It should be strengthened by indigenous small audit firms through regular training, internal discussions and review of complex going concern cases. This will help auditors to question

management's assumptions, identify financial distress indicators early and make more reliable audit judgements.

Affordable analytical tools

The study recommends the use of analytical tools such as Excel based distress prediction models, cashflow analysis templates and automated red-flag checklists. These tools will improve the depth of going concern assessments without placing heavy financial pressure on small audit firms.

Standard ISA 570 working paper template

Audit firms should improve documentation by using standard working paper template. Proper documentation will make audit conclusions more consistent, easier to review and more defensible in cases of professional or litigation risk.

Stronger partner review and peer review

This is recommended in small audit firms mostly in cases where resources are limited. Firms should consider shared technical support platforms and professional networks to access specialist advice and improve audit quality.

Client acceptance, continuance and resignation

Firms should avoid engagements where management integrity is doubtful or where sufficient audit evidence cannot be obtained.

5.5 Recommendations for Further Research

The future studies should focus on the effectiveness of tools like excel based models of distress prediction in improving going concern assessments of small audit firms. The relationship between training on professional scepticism and the quality of going concern reports can also be examined with the use of a larger sample of audit firms. Comparative studies should be carried out using small audit firms in other developing economies such as Nigeria, Botswana and Zambia to shed light on how to overcome the limitations of resource constrained environment.

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Appendix 1: Letter of Approval



RESEARCH INSTRUMENTS

Appendix II: Interview guide

Section A: Participant Information

1. What is your current position within the audit firm?
2. How many years of auditing experience do you have?
3. How long have you been involved in audit engagements requiring going concern assessments?
4. What are your main responsibilities during audit engagements?

Section B: Going Concern Assessment

5. How does your audit firm evaluate whether a client can continue as a going concern?
6. What indicators do you normally consider when assessing going concern risk?
7. How frequently do you encounter clients experiencing financial distress?

Section C: Risk Mitigation Strategies

8. What strategies does your firm use to reduce professional risk when evaluating going concern uncertainty?
9. How important are engagement planning and risk assessment procedures in managing going concern risk?
10. Does your firm consult senior partners or specialists during high-risk engagements?
11. How important is professional scepticism when performing going concern assessments?

Section D: Resource Constraints

12. What challenges do small audit firms face when evaluating going concern uncertainty?
13. Do staff shortages affect the depth of audit procedures performed?
14. Does your firm have access to specialist expertise when dealing with complex financial distress situations?
15. How does technological capacity influence your ability to perform detailed audit analysis?

Section E: Improving Risk Mitigation Practices

16. What improvements would strengthen risk mitigation strategies in small audit firms?
17. How can audit firms better manage professional and litigation risks associated with going concern assessments?
18. What recommendations would you propose for improving audit quality among small indigenous audit firms?