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Wider Implications of COVID-19

Presenter: **Lettie Janse van Vuuren CA(SA)**

24 JUNE 2020

*The wider impact of COVID-19 on the accountant, employer,
businesses and their clients*

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Presenter

Lettie Janse van Vuuren CA(SA), RA, CBA(SA)

- Lettie joined SA Accounting Academy in November 2017 as Head of Technical. She is a Chartered Accountant, Registered Auditor and Certified Business Accountant.
- She is a **professional trainer and webinar host**, and with her relaxed and humorous presentation style, she is able to hold the attention of an audience. She has a unique ability to communicate with delegates at their respective levels of knowledge and experience. Over the last 20 years, she has trained thousands of partners, managers, trainee accountants and other professionals.
- She is responsible for our MCLU (Monthly Compliance and Legislation Updates).
- She was the Professional Development Manager at SAICA for 4 years and in charge of accrediting new training offices and monitoring existing ones (including the moderation of training offices and trainee assessments).
- Lettie is passionate about improving the efficiency and standardisation at practices. She has extensive experience on a variety of technical and practical topics which she consults on, including: SAICA re-accreditation assistance and preparation, IRBA inspection assistance and preparation, audit file reviews (post-issuance monitoring and EQCR), Quality control implementation, other office-specific manuals, and FASSET skills development facilitation.



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Where appropriate, a **Q & A Summary will be uploaded to your profile as soon as all answers have been documented.**

WHAT'S ON THE AGENDA?

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Quote

*“Nothing ever goes back to normal...
All that happens is your
concept of normal changes”*

- Allison van Diepen

MODULE 1

INTRODUCTION

Module 1

Introduction

The following items are dealt with here:

- SA's National Lockdown – Specific Consequences for Businesses
- Specific Consequences for Management, Compilers, Auditors and Independent Reviewers
- Where is our focus with this webinar?
- What does the future look like?

Consequences of COVID-19

As a result of the COVID-19 pandemic

- The associated deteriorating economic environment
- Reduced revenues whilst fixed costs continue...
- Reduced cash flows
- Financial health of customers and suppliers
- Raised questions about the entity's ability to:
 - Meet its current or new obligations
 - Comply with debt covenants

➤ *Refer to Webinar Material for detail*

Consequences for the Role Players

Management & Compilers of AFS

- **Employment Issues = NB for everyone**
- GC and Solvency & Liquidity
- Measurement of Assets & Liabilities
- Need to provide users of AFS with more robust disclosures re GC

Auditors and Independent Reviewers

- Compliance with Companies Act (Section 22, etc.) & IAS & ISA & ISRE
- Additional procedures to be able to conclude on GC (and the appropriateness of management's assessment of GC)
- Changes to report (e.g. material uncertainty, EOM, KAMs)

➤ *Refer to Webinar Material for detail*

Our focus with this webinar

Even though our main focus as accountants and auditors has been on the financial and taxation implications, the effects of COVID-19 are so much wider...

There are very important legal, employment, technology and other burning issues that must be anticipated and evaluated

- I have included some basics on Accounting & Taxation **(FYI)**

- *Refer to Webinar Material for detail*

MODULE 2

LEGAL REPERCUSSIONS

Module 2

Legal repercussions

The following items are dealt with here:

- CIPC certificate not required under Alert Level 3
- OHS – Occupational Health & Safety measures
- Updating workplace plans to include “vulnerable persons”
- People arrested for spreading fake news about COVID-19
- Some popular FAQs answered

CIPC certificate not required

Businesses will no longer have to rely on government issued CIPC certificates to conduct business during the nationwide lockdown's Alert Level 3

- The only requirement is that employees who travel across district-, metropolitan- or provincial borders for work purposes, must be in possession of a permit, issued by the employer, that complies substantially with **Form 2** that was used during Level 4 lockdown

➤ *Refer to Webinar Material for detail*

OHS changes

Return to work policy &

Updating workplace plans to include “*vulnerable persons*”

- 3-page summary on Vulnerable persons
- CDH’s **Updated Employment Revival Guide for Alert Level 3 Regulations** contains **Questions 13 to 28 on OHS topics**
- **NB = getting the workplace ready & ongoing monitoring**
- *Refer to Webinar Material for detail*

Spreading fake COVID-19 news

People arrested for spreading fake news about COVID-19 9

- Stephen Birch in court for COVID-19 fake news
- 8 nabbed for spreading fake news on COVID-19
- Pretoria man behind bars after he mocks coronavirus measures in viral video

➤ *Refer to Webinar Material for detail*

Some Popular FAQs

- Can you cancel a contract because of COVID-19?
- Avoiding contact, is there an easy way to sign documents electronically?
- Can I be held liable for distributing ‘fake news’ about COVID-19?
- Working remotely: isn’t there a risk?
- What are some of the data protection implications of COVID-19 in South Africa?

➤ *Refer to Webinar Material for detail*

MODULE 3

EMPLOYMENT ISSUES

Module 3

Employment issues

The following items are dealt with here:

- Updated Employment Revival Guide: Alert Level 3 Regulations
- Employer's duties, Compliance Officer, Social & physical distancing, Workplace Accommodation, etc. PLUS 67 Questions and Answers
- Updated Employment Survival Guide – Know your employment rights
- Refusal to work by employee due to COVID-19
- What about an Employee's Holiday Leave in South Africa after COVID-19?
- Some FAQs on Leave answered

Alert Level 3 is currently in place

- In terms of the new AL3 regulations, all businesses and other entities may resume economic activities provided the business or entity satisfies the following:
 - (a) adherence to all health and safety protocols as well as social distancing measures,
 - (b) a phased return to work in order to ensure the workplace is safe,
 - (c) the return to work being done in a manner that avoids risks and infections and
 - (d) the business or entity does not fall within the list of exclusions.
- Employees who can work from home, remain encouraged to do so.

➤ *Refer to Webinar Material for detail*

Updated Employment Revival Guide AL3

Deals with:

Employer's duties, Compliance Officer, Social & physical distancing, Manufacturing, construction, business and financial firms who employ more than 500 employees, Prohibited economic activities, Vulnerable Employees and Workplace Accommodation

PLUS 67 Questions and Answers

- 18-page document
- published by CDH (Cliffe Dekker Hofmeyr) on 5 June 2020

➤ *Refer to Webinar Material for detail*

Updated Employment Survival Guide

Deals with:

- SHUTDOWN! What about employees -15 Questions & Answers
 - Employee Options (refer to pages 7 and 8)
 - Welcome amendments to COVID-19 temporary employee/employer relief scheme: government lending a helping hand
 - Coronavirus and the workplace: What to do?
 - Immigration
-
- 16-page document
 - published by CDH (Cliffe Dekker Hofmeyr) on 9 April 2020
-
- *Refer to Webinar Material for detail*

Refusal to work by employee

An employee may refuse to perform any work, including attending work, where “with reasonable justification”, it appears to the employee that performing such work will pose a serious or imminent risk of exposure to COVID-19

- Although a no-work-no-pay policy will apply, the employer may not take any disciplinary action against such an employee for exercising this right.
- The difficulty with this issue is that “reasonable justification” will have to be determined on a case by case basis and creates a massive opportunity for abuse by employees who simply do not want to come to work

➤ *Refer to Webinar Material for detail*

Some Popular FAQs on Leave

- Can an employer place a worker who presents symptoms of COVID-19 on sick leave?
- Is there a TERS claim where the employer required the employee to take annual leave during the lockdown in terms of section 20 (10) of the Basic Condition of Employment Act?
- What about employees placed on annual leave during the lockdown – do they get paid for public holidays and, if not, may they claim under TERS?
- Employees are on a Fixed Term Contract ending March 2020. Business closed. They have no annual leave to utilise while on lockdown. Must the employer implement unpaid leave or pay a prorated salary? Is there a TERS claim?

Some Popular FAQs (continued)

- In the case of an employee diagnosed with COVID-19, will they first be entitled to the normal sick leave instead of claiming the illness benefit in terms of TERS or COIDA?
- Does an employee accrue leave during the lockdown when the employee is not working?
- Employees must take their annual leave within 6 months after the leave cycle. If their leave was scheduled during the lockdown, can it be cancelled and moved to another later date in the year even after the 18 month period?

➤ *Refer to Webinar Material for detail*

MODULE 4

CYBER SECURITY CONCERNS

Module 4

Cyber security concerns

The following items are dealt with here:

- Working remotely
- Some popular questions answered

Some Popular FAQs

- Does your company have an information security or similar policy in place?
 - Oh no, I was phished! What can I do?
 - Do flexible and remote working arrangements constitute a cybersecurity threat?
- *Refer to Webinar Material for detail*

MODULE 5

ACCOUNTING CONSIDERATIONS

Module 5

Accounting considerations

(impairment, subsequent events, going concern, disclosure)

The following items are dealt with here:

- Impairment in a nutshell
- Impact on Audits already on the go
- Subsequent Events
- Going Concern
- Amendment to IFRS 16 regarding COVID-19-related rent concessions
- Let's examine some Tax Consequences as a result of COVID-19
- Some popular FAQs answered

Some Popular FAQs

- How should issuers convene and conduct shareholders meetings, amidst the spread of COVID-19?
- Should the impact of COVID-19 on businesses be disclosed in their annual report, as a material risk?
- *Refer to Webinar Material for detail*

Webinar already presented

Lettie Janse van Vuuren has already presented a webinar on Accounting and Auditing considerations for the impact of COVID-19 on Going Concern on 10 June 2020

❑ You can purchase and access the webinar recording via www.accountingacademy.co.za

➤ *Refer to Webinar Material for detail*

MODULE 6

INSOLVENCY CONSEQUENCES

Module 6

Insolvency consequences

The following items are dealt with here:

- Consequences of Insolvency
- Commercial vs Factual insolvency
- Your Reporting Obligations
 - Financial Reporting Framework
 - How to Report, When & to Whom?
 - As Auditor
 - As Independent Reviewer

Webinar already presented

Lettie Janse van Vuuren has already presented a webinar on **Reporting on Insolvencies on **27 February 2020****

❑ You can purchase and access the webinar recording via www.accountingacademy.co.za

➤ *Refer to Webinar Material for detail*

MODULE 7

DIRECTORS' LIABILITY

Module 7

Directors' duties & liabilities

The following items are dealt with here:

- Directors' Fiduciary Duties
- Considering directors' liability in financially distressed times

Fiduciary Duty

Company employers must consider their duty to **act in the best interests of the company** when sending employees home with a promise of payment where there is a risk of jeopardizing the continued operation of the company and rendering it insolvent.

Accordingly, directors should be cautious in complying with their fiduciary duties.

➤ *Refer to Webinar Material for detail*

MODULE 8

LEGAL REFERENCES, USEFUL RESOURCES & LINKS

Module 8

Legal References, Useful Resources & Links

The following items are dealt with here:

- Alert Level 3 Lockdown Regulations
- Acts Online
- SAAA Employer Toolkit
- IRBA COVID-19 Webpage
- SAICA COVID-19 Hub
- SAICA Educational Material re COVID19 Financial Reporting
- Department of Health (including links to DoH guides)

SAAA OHS Toolkits

3 Toolkits available:

- Post-lockdown labour plan and toolkit
- COVID-19 occupational health and safety management toolkit
- Haibo Coronavirus© Wall Poster Series

➤ *Refer to Webinar Material for detail*

QUESTIONS?

Formal Q&A Session

We will now take a **quick comfort break** before we discuss some questions received during the webinar.

Remember: A Q&A summary will also be uploaded to your profile

If you would like to e-mail a question please use:

technicalquestions@accountingacademy.co.za

E-mail general comments to info@accountingacademy.co.za

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