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Practical Audit Quality Considerations

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

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Practical Audit Quality Considerations in the pandemic environment

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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Quirky Question...

*“Are we Working from Home?
OR
Living at Work???”*

- Lettie

MODULE 1

INTRODUCTION

Introduction

The following items are dealt with here:

- Covid-19 pandemic has far reaching implications
- Increased complexities of financial statement reporting
- Related risks and uncertainties
- Rapid shift to virtual environments
- Commitment to:
 - Audit quality remains more important than ever
 - Professional standards
 - Community and society

New ways of working

- Remote operations for both audit teams and audit clients
- Professional scepticism

- Impact of this on:
 - Obtaining audit evidence
 - Collaboration of audit teams
 - Documentation
 - Timing / nature / extent of performance of engagement
 - Supervision and review / monitoring

MODULE 2

RISK IDENTIFICATION AND INTERNAL CONTROLS

Risk ID & Controls

The following items are dealt with here:

- More frequent risk assessment required
- Early and frequent communication necessary
- New or different risks may emerge
- Heightened awareness of possibility of fraud or error
- Continuous re-assessment and stress testing of evidence
- Uncertainty a bigger challenge

MODULE 3

MATERIALITY

Materiality

The following items are dealt with here:

- Professional judgment
- Benchmarks = new or existing?
- Underlying business changes
- Resulting materiality = is it appropriate?
- Documentation critical to understanding rationale
- Recognition of previously unadjusted balances

MODULE 4

ETHICS AND INDEPENDENCE

Ethics & Independence

The following items are dealt with here:

- Confidentiality of information
- Clients under financial pressures = fee pressure / intimidation threats / self-review threats
- New audit services
- New non audit services
- Continual assessment of independence threats

MODULE 5

AUDIT EVIDENCE

Audit Evidence

The following items are dealt with here:

- Travel restrictions
- Remote access
- Reliance on technology
- Professional scepticism
- Documentation
- Group audits - timelines

MODULE 6

INVENTORY

Inventory

The following items are dealt with here:

- Year-end physical counts
- Travel restrictions, auditor cannot be there in person
- Remote access
- Reliance on technology e.g. screenshots / video stream
- Professional scepticism and heightened risk of fraud
- Sufficiency and appropriateness of evidence, documentation
- Multiple inventory locations
- Impact on audit report

MODULE 7

DOCUMENTATION

Documentation

The following items are dealt with here:

- Importance of documentation
- Professional scepticism
- Professional judgment
- Timely documentation
- Documentation must stand on its own

MODULE 8

ACCOUNTING ESTIMATES

Accounting Estimates

The following items are dealt with here:

- Historic experience vs current environment
- Uncertainty regarding assumptions
- Auditor's expert
- Management's expert
- Fair values
- Impairment testing of intangibles / goodwill
- Deferred tax

MODULE 9

ENGAGEMENT QUALITY REVIEWS

The following items are dealt with here:

- Thresholds for reviews
- Audit budgets for reviews
- Early involvement of reviewer
- Continuous involvement of reviewer
- Documentation
- Communication

MODULE 10

GOING CONCERN

Going Concern

The following items are dealt with here:

- Baseline economic forecasts
- Evaluation of the degree of business disruption
- Government relief programs may affect assumptions / reasonability of figures
- Disclosures to support the auditor's report
- Going concern assessments – public vs private entities
- Documentation

MODULE 11

AUDITOR REPORTS

Auditor Reports

The following items are dealt with here:

- Additional work may be required
- KAM's, modified opinions
- Subsequent events
- Possible increase in differences of opinion between auditor and client
- Enhanced communication with client

MODULE 12

LINKS TO GUIDANCE DOCUMENTS

Topics of Guidance

Further Guidance on Practical Audit Quality Considerations for Auditing in the Pandemic Environment

- Issued by e.g. IAASB, IFAC, IRBA, IESBA

Topics of Guidance published:

- **Refer to Webinar Material for list of guidance with LINKS**
- **Refer to Source Documents available to you**

MODULE 13

LOOKING AHEAD

Looking ahead...

Looking ahead, we should bear in mind the following:

- What have we learnt?
- What has changed?
- Automation and skill sets have changed
- Ability to cope
- People wellness
- Training of staff
- Supervision and review
- Are you ready for the next pandemic?

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

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