

# Using specialists in the COVID-19 environment

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



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***Guidance to PAIBs & PAPPs***  
***IFAC Staff Publication***

# 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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# **WHAT'S ON THE AGENDA?**

# Contents

- ① Introduction
- ① The need to use a specialist
- ① Risks if you don't engage a specialist
- ① Relevant ethical considerations for accountants
- ① Important information to remember...

**CERTIFIED SPECIALIST**

# Quotes

*A specialist is a  
person who fears the  
other subjects*

*- Martin H Fischer*



# INTRODUCTION

# Due to COVID-19...

- *“the new normal”*
- Performing different types of activities & services that we are accustomed to
  - Our work environment and operations
- Working in ways that differ from our pre-pandemic environments

# IFAC Publication

**Whether you are conducting a compilation, independent review or audit engagement, you should determine when there might be a need to use the services of a specialist to assist in performing specific tasks in or as a result of the COVID-19 environment**

- IFAC's staff published a document in October 2020
- to provide guidance to:
  - PAIBs (Professional Accountants In Business) and
  - PAPPs (Professional Accountants in Public Practice)



# What is the definition of a specialist?

- The term specialist refers to an individual or organization possessing expertise - skills, knowledge and experience - in a field other than accounting or auditing.
  - That expertise can be used by management or an external auditor.
- ❖ *Example:*
  - ❖ *the valuation of complex financial instruments or land and buildings, where valuers might be used as specialists to assist management or the external auditor*

# THE NEED TO USE A SPECIALIST

**How to evaluate the need for PAIBs and PAPPs, including auditors, to use the services of a specialist, and which work areas to consider**

# Is it time for a specialist?

Accountants may also need to engage a specialist to discharge their duties competently and diligently, e.g:

- The skills and knowledge of economists can help PAIBs and PAPPs, including auditors, better understand the changing economic outlook or general environmental factors due to COVID-19 and the operational implications for organizations and clients.
- The use of an IT or fraud specialist may help an accountant or firm identify or advise on risks with respect to COVID-19- related cyber threats and fraud.
- The use of a tax advisor may be necessary in determining the implications of COVID-19 government assistance programs, including loan forgiveness plans, subsidies, or grants

# For PAIBs and PAPPs, including auditors:

- Individual and organization-wide gaps or new reporting OR compliance responsibilities arising from COVID-19
- Adequacy of resources to respond to sudden changes and uncertainties arising from COVID-19 AND additional tasks and responsibilities requested of employing organizations or by clients
- Whether it will be practicable to address immediate needs (e.g., resourcing and supervisory) in light of current restrictions on travel and in-person interactions
- Whether IT infrastructures have the capacity to support the technological needs of remote teams
- Whether there is increased exposure to risks, e.g. fraud, cyber threats

# For PAPPs, including auditors:

- Whether the nature or immediacy of a client's COVID-19- related request might affect the firm's ability to support its existing clients or handle COVID-19-related challenges that affect the firm's own business
- The firm's awareness, knowledge and access to specific legal and regulatory COVID-19 requirements and related guidance (e.g., industry-specific bulletins, instructions on how to apply or account for government stimulus programs) and its ability to timely synthesize and disseminate it to client-facing teams
- Availability of infrastructures, tools and individuals with sufficient and appropriate experience to train and supervise virtual teams

**ARE THERE RISKS IF YOU  
DON'T ENGAGE A SPECIALIST?**

# Questions to help identify areas of potential risk

- Is there potential for changes to the task or service rendered?
- Are you able to provide the guidance or advice requested in a timely manner?
- Is there pressure to perform a COVID-19-related task or service within an accelerated timeline?
- Are you able to take the CPD courses necessary to perform the task or service competently in a timely manner?

# Questions to help identify risk *(Continued)*

- Are you able to perform or supervise the task or deliver professional services in a competent and diligent manner? In particular:
  - Are there gaps in your professional knowledge and skills?
  - Do you have the relevant information to help you exercise due care and use sound professional judgment?



# ETHICAL CONSIDERATIONS FOR ACCOUNTANTS

**Some ways to mitigate the risks of violating the fundamental principles  
and, where applicable, impairing independence**

# Avoiding violations of ethical standards

- Give appropriate consideration to overdue fees from audit clients
- Act with integrity by being straightforward and honest, even if doing so leads to reporting information that is unfavorable
- Don't compromise professional judgment because of bias, conflict of interest, or undue influence of others
- Respect the confidentiality of information acquired as a result of professional and business relationships
- Don't engage in activities that might impair the integrity, objectivity or good reputation of the profession

# **Avoiding violations of ethical standards** *(Continued)*

- Ensure you and others within your organization have the knowledge and tools to undertake the work
- Increase engagement and dialogue among members of engagement and organizational teams and with appropriate stakeholders
- Set up dedicated COVID-19 response hubs
- Develop guidance, interpretations, and practical tools
- Develop programs to support the enhanced competency and skillset requirements

# **Avoiding violations of ethical standards** *(Continued)*

- Remain alert for new information and changes in facts and circumstances to exercise professional judgment
- Consider the perspective of a reasonable and informed third party
- Closely monitor services and advice and recommendations provided to audit clients to avoid assuming management responsibilities when assisting clients with COVID-19- related business challenges

**THE NEED TO USE SPECIALISTS  
DURING THE AUDIT  
OF FINANCIAL STATEMENTS**

# Circumstances that normally indicate the need for a specialist during an audit

- The facts and circumstances indicate the need for expertise in a field other than accounting or auditing.
- The auditor does not have the necessary expertise.
- The auditor is not able to obtain a sufficient understanding of that field to perform the audit

**In the current environment, accounting estimates is the area most likely to be impacted by the need for additional expertise**

# Considerations when deciding to use a specialist to evaluate accounting estimates

- The degree of estimation uncertainty in the accounting estimate.
- Whether a different model than the previous one has been used, or where the information had previously been readily available in the market but is no longer available
- Whether the ability to comply with accounting requirements have become more complex in the current environment
- The need for professional judgment with regard to data and assumptions used, taking into account available information from the market

# Remember...when using a specialist

**In using any specialist, you are always required to evaluate the competence, capability, and objectivity of the individual for the purpose of using the specialist's work, taking into account any previous experience with that specialist**

**ISA 620 – Using the Work of an Auditor's Expert**

**ISRE 2400 par 55 – Use of work performed by others**

- It is also important to understand the specialist's field of expertise so that you can evaluate the adequacy of their work for the purpose of your audit
- The key to using specialists is to plan and engage early
- Specialists are significantly more in demand than ever before



# QUESTIONS



# Formal Q&A Session

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