Practical Audit Quality Considerations for Auditing in the Pandemic Environment
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MODULE 1: INTRODUCTION

1. INTRODUCTION

The potential impact of COVID-19 and our national lockdown on the auditing environment.

The COVID-19 pandemic has far reaching implications, with many people still comprehending and adjusting both personally and professionally.

For the auditing profession, the increased complexities of financial statement reporting and related risks and uncertainties, coupled with a rapid shift to virtual business operations and controls, have significantly challenged the delivery of audit engagements and necessitated virtual audits.

The commitment to audit quality and professional standards has not changed and the auditing standards remain fit for purpose in the current pandemic environment, and audit quality remains more important than ever.

To this end, we will look at the following topics that embrace audit quality: remote working, risk identification and internal control, materiality, importance of ethics and independence, sufficiency and appropriateness of audit evidence, going concern and auditor reporting.

Supporting people wellness is also paramount as ultimately, high quality audits depend on high quality individuals working at their best.

2. REMOTE WORKING AND PEOPLE WELLNESS

Remote Working

There has been a rapid shift to remote operations, for both audit firms and their clients, which has changed the logistics of obtaining information, liaising with audit teams and clients, obtaining audit evidence, dealing with confidentiality and documentation, professional scepticism and professional judgment.

Properly planning the audit has become so much more important, particularly as the client's operations and processes may have changed significantly since the prior year. The prior year's audit working papers and / or planning notes may not be a reliable starting point for the current year's audit.
Auditors need to consider alternative means of obtaining audit evidence as part of the planning process. An increase in documentation is most certainly likely, e.g. more documentation of thought processes in areas of significant judgement, more stress testing of information obtained and rapid assessments of the estimates obtained from management.
More and multiple types of evidence will be required. Electronic evidence such as screenshots may not be sufficient without further verification or corroborating evidence. Clients may require guidance from the auditors on types of documentation and information needed. Early discussions and frequent discussions with clients will be imperative.
Exercising professional scepticism can be more challenging in the absence of face to face interactions in person with an audit client.
Observing reactions and body language in response to inquiries can be an effective way of exercising professional scepticism. Face to face interactions cannot be replaced by email correspondence alone. Training of the audit teams is imperative in this regard, especially the less experienced team members that have not been in this position before.
When responding to an email, clients have more time to think about and articulate their responses to queries. Emails may need to be followed up with live conversations, including using video where necessary. This is particularly important for challenging or contentious issues, e.g. fraud inquiries.

People Wellness

People wellness plays a very important role in this remote working environment, as high quality audits depend on high quality individuals working at their best.

Leadership priorities should include:

- Setting the correct tone at the top and ensuring it flows through the firms and reaches the team members consistently and often,
- Demonstrating compassion / empathy for staff and an understanding of personal circumstances,
- Sharing personal insights and coping strategies,
- Maintaining team connectivity virtually, while also recognizing virtual fatigue / exhaustion,
- Encouraging informal conversations and catch-ups,
- Encouraging staff to take holidays or breaks from work, and maintaining clearer boundaries between work and home.

3. Professional Judgment and Professional Scepticism

The importance of the exercise of professional scepticism by auditors in the current environment cannot be over-emphasized.

There is likely a significant change in the judgments made by management and those charged with governance (TCWG), in particular in light of the continually changing environment and in many cases the significant uncertainty looking forward. Auditing areas such as going concern, accounting estimates (e.g., impairment, fair value etc.) and other areas where significant judgment is involved will become considerably more challenging. In addition, auditor's experts may need to be brought in to support a team which may not have the experience and competency in an area where professional judgment will need to be exercised.

ISA 200, *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing* deals with the overall objectives of the auditor in conducting an audit of the financial statements, including to obtain sufficient appropriate audit evidence to reduce audit risk to an acceptably low level. It requires the auditor to exercise professional judgment in planning and performing an audit, and to plan and perform an audit with professional scepticism recognizing that circumstances may exist that cause the financial statements to be materially misstated. In the current environment both of these concepts in an audit play a fundamental role, and the documentation thereof is critical, in particular as circumstances continue to change. Documentation should be sufficient to understand the rationale of the decisions being made in each area of the audit and to be able to tie them together for the whole audit file.

Many aspects of the audit will be impacted by the COVID-19 pandemic, in particular those where sound professional judgment is needed. For example, determining materiality involves the exercise of professional judgment. In some circumstances, the chosen materiality benchmark previously used may need to be adjusted for significant changes in the circumstances, and potentially continuing changes to the circumstances. It is important for materiality to be based on metrics that are important to users of the financial statements (e.g., revenue, pre-tax income), which may differ from metrics used in the past.

Documentation of the professional judgments made, where significant, serves to explain the auditor's conclusions and reinforce the quality of the judgment. This may include the basis for the auditor's conclusion on the reasonableness of areas of subjective judgments. Given the challenges many auditors will likely encounter with their audits in the current environment (some of those challenges likely for the first time) and resultant professional judgments they will need to exercise, it is strongly recommended for auditors to be further mindful as to documentation requirements under ISA 230, *Audit Documentation.*

Another area where significant judgment will be needed is in relation to accounting estimates. Actual results in the future may differ significantly from those estimated by preparers – both having been based on judgments that when prepared were reasonable and supportable, made in good faith, and guided by sound application of the accounting standards. Judgments should be considered in the context in which they are made and on the basis of information available at that time, and the auditor's consideration in relation to management's judgments documented. The phrase "hindsight bias" is used to denote where the decisions made would have been different had the facts and circumstances being different at that point in time.

Judgment is also needed when determining the impact of the auditor's evaluation of the audit evidence obtained in the auditor's report. Early actions taken by many regulators to provide appropriate COVID-19 related guidance is helpful. To address some of the areas of judgment certain regulators have introduced prescriptive requirements setting out standard language in auditor's reports to address certain circumstances (e.g. emphasis of matter or other paragraphs). This can be useful but may also limit auditors' ability to demonstrate professional judgment in determining how to appropriately reflect the effects of COVID-19 on the business and the audit in the auditor's report.

Ethics

Auditors are required to comply with the five fundamental principles in the IESBA *International Code of Ethics for Professional Accountants (including International Independence Standards)*, namely integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. They are also required to apply the Code's conceptual framework to identify, evaluate and address threats to compliance with the fundamental principles. The conceptual framework also requires the auditor to be alert for new information and for changes in facts and circumstances that might affect their conclusions about whether any safeguards applied continue to be appropriate.

The link for Registered Auditors regarding the IRBA Code of Professional Conduct: https://www.irba.co.za/guidance-for-ras/ethics:-the-rules-and-the-code/the-irba-code-revised-2018, https://www.irba.co.za/guidance-to-ras/technical-guidance-for-auditors/ethics:-the-rules-and-the-code/the-rules-and-the-code.

MODULE 2: RISK IDENTIFICATION AND INTERNAL CONTROLS

1. SPECIFIC CONSIDERATIONS – RISK IDENTIFICATION AND INTERNAL CONTROLS

More frequent assessment of risk is needed and this process needs to start as early as possible in the current environment. Auditors are required to revise risk assessments and modify responses and further audit procedures, based on audit evidence or new information obtained. Throughout the engagement, auditors need to be constantly vigilant due to the fast-changing and complex circumstances as it may be necessary to revisit risk identification and assessment in the current circumstances.

Planned safeguards to address threats to independence may also need to be reconsidered in light of changing circumstances.

Risk identification and assessments are iterative, but in such a rapidly changing and complex environment, re-assessment of risk is imperative. Early and frequent communication with management and the audit committee is important, and stress testing this communication with own information and evidence obtained will assist in being more comfortable with the eventual level of risk assessed.

The longer the audit takes, the more chance that new risks emerge or current risks change, and facts and circumstances may change, which will create additional audit work. What was true at the start of lockdown in SA in March 2020 may not hold true at the end of June 2020 for instance, another example of "hindsight bias".

Changed client working practices and protocols, along with personal and / or organizational financial pressures could create both the opportunity and incentive for fraud.

Auditors and their audit teams should have a heightened awareness of the possibility of fraud or error, with the importance of the exercise of professional scepticism being top of mind when performing audit procedures.

Auditors and their audit teams need to assess the changed control environment, including key controls such as segregation of duties or systems access that may be weakened in a virtual work environment.

Carefully reviewing any government and private COVID-19 relief packages, incentives or subsidies is important. Often these have eligibility requirements such as proof of decrease in revenue, or proof of staff being retrenched or put on shortened working hours.

Auditing management's assessment of going concern may be more challenging due to significant areas of uncertainty and the rapid change in factors and figures making up this assessment. Management experts and auditor experts may be brought in to assist, adding an extra level of complexity to assessments.

Auditors and their audit teams need to think holistically about all the different ways to stress test a going concern analysis. Applying professional scepticism to the judgements and assumptions used by management is crucial, as well as ensuring sufficient appropriate audit evidence is obtained to support the auditor's conclusion on management's assessment.

Understanding the Client and its Environment

The auditor's understanding of the client and its environment has likely changed from previous periods due to the implications of COVID-19. There may be changes to the client's objectives, strategy, organizational structure, governance arrangements and business model and it is important that the auditor considers how these changes impact the audit. Changes may also be needed if the auditor has already completed planning and risk assessment before the onset of the COVID-19 pandemic and may also be necessary during the audit as the environment continues to evolve.

Examples of risks increasing the susceptibility to risks of material misstatement that may be heightened in the current environment include:

- Inappropriate objectives or ineffective execution of strategies,
- A failure to recognize the need for change or lack of expertise to deal with the changes,
- Reduction or expansion of the business and demand has not been accurately estimated or appropriate due diligence undertaken on new products or services,
- Loss of financing due to client's inability to meet requirements,
- Regulatory requirements resulting in increased legal exposure,
- Incentives and pressures on management, which may result in intentional or unintentional management bias,
- Increased risks of fraud.

Auditors should discuss with management and TCWG how they have assessed the impact of COVID-19 on the business and evaluate whether there are new or changed risks that could be material. Understanding how TCWG are addressing the new or changed risks is essential for the auditor in understanding where changes may be needed to the audit. Ongoing communication throughout the audit is also essential as the client's circumstances may change.

It is also important to understand how any relevant changes in laws or regulations impact the client and how it operates, including extension of reporting periods for some clients for e.g. listed entities, and legal practitioners. There may also be changes to the applicable financial reporting standards in different jurisdictions that may need to be considered.

Controls

An understanding of the client's system of internal controls relevant to the audit assists when identifying potential misstatements. This understanding is required even when auditors do not plan to rely on the operating effectiveness of controls because it helps identify where possible misstatements could occur. In the current environment, it is likely that there have been changes to various components of the system of internal control, and a thorough understanding of what has changed will assist the auditor in their risk identification and assessment process. In particular, the control environment will likely be different—many organizations have had to change the way they operate and so would have had to change their oversight processes and how controls operate. These changes may lead to additional risks of material misstatement. Access controls may have changed and there may be a heightened risk of cybersecurity shortfalls.

If the auditor does intend on relying on the operating effectiveness of controls, again this may have changed and further insight as to the control and how it operates, as well as the auditor's intended reliance, may also change.

Further insights can be found when obtaining audit evidence about the design and implementation of identified controls (including IT controls). However, although this may be difficult because of a lack of access to certain information (e.g. documents or reports) or company personnel (e.g. ability to enquire or observe the application of specific controls), the relevant work still needs to be undertaken in an alternative way or the risk identification or assessment changed accordingly. For example, obtaining an understanding of controls could be achieved remotely using alternative procedures, however inquiry is not sufficient to determine whether such controls have been placed in operation. Auditors will need to consider what evidence can be obtained remotely to determine if effectively designed controls have been placed in operation to mitigate the applicable risks. Examples could be screen sharing or video streaming of controls in action.

Internal controls may not have operated consistently throughout the audit period because of the changed circumstances of many companies. An understanding of any control changes, as well as new and additional controls now relevant to the audit will be important (e.g., different personnel involved, documentation differences for working remotely etc.) in helping to understand whether controls are still operating as they did, and whether any new risks arise because of the changes. In addition, new significant risk areas could be identified, which were not assessed as significant risks in prior audits. If the auditor has determined that a significant risk exists, they are required to obtain an understanding of the client's controls, including control activities, relevant to that risk.

If the auditor is unable to perform walkthroughs to confirm their understanding of the information system, or where applicable undertake tests of controls onsite (where the auditor intends to rely on the operating effectiveness of controls), they may need to identify additional risks of material misstatement that will need to be considered and where they were intending relying on controls they may need to change their audit response and increase substantive testing.

Fraud

The circumstances that many companies find themselves in may have increased the risk of fraud. Companies have had to quickly change the way they operate, including changes to controls, all of which may allow for greater opportunities for fraud. The auditor's exercise of professional scepticism is particularly important when considering fraud risks on the client in the current environment.

ISA 240, *The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements* requires the auditor to make inquires of management, and others within the client as appropriate, to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the client. If the auditor is unable to conduct fraud interviews in person due to COVID-19, these inquiries could be done utilizing technology such as video conferencing. This may be preferred to only telephone conversations because auditors can still see management's body language.

Another important aspect here is training or assisting the audit team to understand what to look for in the interviews with the client, the interviewer can still see the body language of the interviewee, but this is still different to being in the same room at the same time with that person.

Other Considerations

In the current environment, the auditor may face additional pressure to reduce the level of the audit fee for services in progress or to be provided. There may be threats to compliance with the fundamental principles of professional competence and due care if the fee quoted is so low that it may be difficult to perform the engagement in accordance with applicable technical and professional standards for that price. The level of fees (or if they are overdue) might create a self-interest or intimidation threat to independence and auditors should apply the conceptual framework to identify, evaluate and address such threats.

If auditors are unable to obtain evidence to perform and complete the risk identification and assessment process, they may have scope limitations and will need to consider the effect on the planned audit procedures and the impact on the auditor's report.

Module 3: Materiality

1. Specific Considerations – Materiality

Previous benchmarks used for determining materiality may not be appropriate, particularly where operations and / or revenues have significantly changed pre- and post-COVID-19.

Materiality assessments may need to be revised as the audit progresses – not just at the planning stage.

Considerations in determining materiality include:

- Whether the underlying business remains the same – any significant restructuring, end of business lines, or closures of office?
- Whether backward-looking or historical benchmarks are suitable?
- Profit vs revenue vs asset benchmark. If a change in benchmark results in a higher materiality, consider whether that is appropriate during this economic downturn, and vice versa, what if the benchmark results in a materiality figure that is too low?

Determining materiality requires professional judgement and it is important that the rationale is well documented. It is also important to assess materiality throughout the audit and document the rationale behind amendments made.

The auditor may need to consider the impact of any changes brought on by the pandemic on materiality, including the basis on which materiality is determined in accordance with ISA 320 *Materiality in Planning and Performing an Audit.*

The auditor may also need to revise materiality for the financial statements as a whole during the audit in the event of becoming aware of information that would have caused the auditor to have determined a different amount initially, which could occur as the client's circumstances change.

As materiality is adjusted for the current circumstances, consideration will also be needed about the impact of previously unadjusted differences which may now become material and need to be adjusted for.

MODULE 4: ETHICS AND INDEPENDENCE

1. SPECIFIC CONSIDERATIONS – ETHICS AND INDEPENDENCE

Maintaining confidentiality with teams working remotely from home is of vital importance.

With audit teams unable to work at client sites, confidential information is often being sent via email to auditors working unsupervised from home.

Practitioners should consider issuing guidance on maintaining confidentiality during a remote audit. Training staff remotely can also be a challenge but it is imperative that training occurs, especially with regards to cybersecurity and access to the information that audit team members have on their electronic devices used for the audit.

Clients under financial pressure not paying audit fees or seeking a reduced fee can add an extra burden for auditors.

Auditors may have to have difficult conversations with clients on audit fees. With the additional risks as a result of COVID-19, fee reduction could impact the audit.

Self-review threats and intimidation threats may occur as clients look to their auditors for guidance or try to pressure them for certain results / fees.

Threats to independence need to be reassessed on a continual basis. If there is concern that independence has or could be compromised, talking through ethical dilemmas as they arise with other firm partners can be helpful. Training audit team members on the ethical issues or dilemmas that may arise can also be helpful, especially for the more inexperienced team members that have not faced challenges like these in the past.

MODULE 5: OBTAINING AUDIT EVIDENCE REMOTELY

1. SPECIFIC CONSIDERATIONS – AUDIT EVIDENCE

With restricted physical access to client sites, auditors need to design and perform alternative audit procedures to gather sufficient, appropriate audit evidence through remote access and greater reliance on technology. The need to evaluate the sufficiency and appropriateness of audit evidence and to maintain professional scepticism is as high as it has ever been, as a result of this.

Physical access to client documentation may not be possible or may be delayed. Auditors will need to design and perform alternative audit procedures to obtain sufficient, appropriate audit evidence remotely, while still meeting the requirements of auditing standards.

The need for alternative procedures may be evident from the very start of the planning phase and it is advisable that audit teams prepare the clients as to what is required from their side as early as possible, so timelines can be met.

Frequent discussions with clients from the planning phase may assist in the documentation required by the audit teams being sourced in a timely and appropriate manner. Some clients are not digitally based or do not have digital access to records, so early discussions can prepare them for what the audit teams need and by when in order to perform timely audits.

Deciding how to obtain audit evidence and the appropriateness of evidence will depend on the specific facts and circumstances of the audit, and the nature of specific risks identified.

Alternative approaches may include:

- Gathering more electronic evidence or scanned documentation from the client or through electronic third-party confirmations,
- Using technology to perform procedures like walkthroughs and testing of controls, via live screen shares and live videos,
- Using technology via live videos to assist in verifying certain balances, for e.g. inventory (next topic discussed).

The auditor must consider the reliability of audit evidence and it is important to obtain an understanding of the client's processes and controls in place over its preparation. The auditor must also consider whether there are new processes and controls in place due to the clients potentially working remotely, or part remotely and part office / factory based and how the flow of information has been impacted.

Auditors may also need to consider how it can be authenticated, and whether further corroborating evidence from internal and / or external sources may be required.

If the auditor is unable to obtain sufficient appropriate audit evidence remotely, they may need to consider whether the audit report can be delayed, or where it cannot, the impact on the auditor's report, including whether a modified opinion is needed.

Performing an audit of a new client may be more challenging where auditors are not as familiar with client staff and have no prior understanding of the client and its environment. Access to the information from the previous auditors may be useful to help in these circumstances but may also be difficult to obtain in some jurisdictions where access may not be easy, or in some cases even permitted.

ISA 500, *Audit Evidence* requires the auditor to design and perform audit procedures to obtain sufficient appropriate audit evidence to be able to draw reasonable conclusions on which to base the audit opinion.

In agreeing the terms of engagement in accordance with ISA 210, *Agreeing the Terms of Audit Engagements*, management agrees to provide the auditor with access to all the information of which management is aware that is relevant to the preparation of the financial statements, any additional information the auditor may request from management for the purpose of the audit, and unrestricted access to persons within the client from whom the auditor determines it necessary to obtain audit evidence.

COVID-19 has resulted in many challenges for auditors in obtaining sufficient appropriate audit evidence. For example, travel restrictions may have impacted physical access (e.g. attending inventory counts), the ability to obtain original documents (e.g. inspection of records for evidence of authorization as a test of controls) and availability of client staff.

ISA 500, *Audit Evidence* explains that the reliability of information to use as audit evidence, and therefore of the audit evidence itself, is influenced by its source and its nature, and the circumstances under which it is obtained, including the controls over its preparation and maintenance where relevant.

In the current environment, obtaining audit evidence may be more challenging and different to how it may have previously been obtained. However, the basic principles of ISA 500 still apply, and additional consideration by the auditor about the reliability of the audit evidence provided may need to be considered, i.e., has the evidence been:

- Obtained from a source independent of the client,
- Generated internally and if so, what controls were in place over its preparation,
- Obtained directly by the auditor,
- Obtained in a documentary form,
- Provided in original (i.e. not photocopied etc.).

Judgment will then be needed to determine whether the evidence is reliable for the purpose for which it has been obtained. Auditors will need to exercise professional scepticism about the evidence obtained electronically and may need to design other audit procedures in order to test the reliability of electronic evidence in the absence of the original physical source document, as well as considering the controls over the process from which the electronic evidence was produced.

Early indications are that COVID-19 has accelerated the adoption of technology and remote techniques to perform engagements. Secure web portals are being utilized to review clients' documents and some have the functionality to permit questions and answers between the auditor and the client. The reliability of evidence obtained in this way is still considered in terms of ISA 500 as set out above.

Group Audits

ISA 600, *Special Considerations-Audits of Group Financial Statements (Including the Work of Component Auditors*) includes requirements for obtaining sufficient appropriate audit evidence, including the documentation of work undertaken by component auditors, to be able to form a basis for the group audit opinion.

With the COVID-19 travel restrictions in place, group auditors may be unable to visit the component audit team, where it had originally planned to do so, to evaluate and review key audit working papers, which may cause a significant delay or impact the auditor's ability to obtain sufficient appropriate evidence. In some countries, legal restrictions may also limit the transfer of data (including audit working papers) outside of the jurisdiction.

If it is not possible to review the necessary component audit workpapers (whether in person or electronically), the group auditor will need to undertake other measures, which will likely involve additional work. This could include one of more of the following:

- Uploading files (e.g. into the cloud) with access provided to the group audit engagement team,
- Video calls and/ or screen sharing to review the component auditor work or use of remote access,
- A more detailed memorandum or questionnaire provided to the component auditor, corroborated with more detailed discussions with the group engagement team,

- Information from the client provided directly to the group engagement team so they can perform their own procedures on the financial information of the component (if possible).

The current circumstances may also provide an opportunity for group audit teams to re-evaluate and potentially redesign the way in which they communicate and engage with component audit teams, in the same way that many audit teams are changing the way in which they engage with clients.

If sufficient appropriate evidence cannot be obtained to enable the auditor to conclude, the auditor will need to consider the impact on the auditor’s report arising from the limitation of scope.

MODULE 6: INVENTORY

1. SPECIFIC CONSIDERATIONS – INVENTORY

Clients may not be able to undertake a physical year-end inventory count, or even where they are able to, the auditor may not be able to attend in person. Another consideration is that the year-end inventory count may not occur at year-end as normally planned. The pandemic may push the count forward which increases risk in cut-off procedures valuation of inventory.

The facts and circumstances of each client and audit need to be carefully considered before determining the best way to obtain sufficient appropriate audit evidence about the existence and condition of the inventory.

For example, the risks of material misstatement due to error or fraud (including new pressures and opportunities), the effectiveness of the client's internal controls and whether the auditor has other sources of evidence such as cycle counts attended during the period, among others. The condition of the inventory may still be good but the pandemic may have resulted in that inventory being considered for write-off or devaluation.

The auditing standards requires that the auditor attend the client's inventory count, but also contemplate rollback procedures in circumstances where the count may not be conducted and attended on the final day of the audit period. This may provide an opportunity for the inventory count to be delayed and attended by the auditor.

In some circumstances the auditor may be able to effectively observe the count remotely. Although there are many considerations, including client-specific considerations, before concluding a remote observation will provide sufficient appropriate audit evidence, a few examples of factors include whether:

- It is possible to set up a live feed and get a visual of the entire operation to effectively see how the count is undertaken,
- There is someone independent of the client's staff responsible for inventory who can operate the camera or other recording device,
- Reconciliations and other documentation can be captured live, and the auditor can request boxes to be opened if there are queries,
- Further evidence is required and available, for example results of previous perpetual or periodic inventory counts,
- Multiple location inventory counts are feasible and have the appropriate client staff in attendance and with the appropriate skills and capacity.

If the audit client cannot undertake an inventory count, the auditor will need to carefully consider and challenge how management has calculated its inventory figures.

The auditor will need to, once again, carefully consider the facts and circumstances and whether there are other means of obtaining sufficient appropriate audit evidence.

Examples of alternative procedures could include testing inventory roll forwards, and inspection of post year-end inventory sales documentation of items acquired before year-end.

If the auditor is unable to obtain sufficient appropriate audit evidence about the existence and condition of inventory, they may need to consider whether the audit report can be delayed, or where it cannot, the impact on the auditor's report, including whether a modified opinion is needed.

In accordance with ISA 501, *Audit Evidence-Specific Considerations for Selected Items* if inventory is material to the financial statements, the auditor is required to obtain sufficient appropriate audit evidence regarding the existence and condition of inventory by attendance at physical inventory counting unless it is impracticable.

Considerations related to inventory and obtaining sufficient appropriate evidence in the current environment include:

- Whether physical inventory counts can be observed on an alternative date if attendance cannot be performed at the year end, with audit procedures on intervening transactions performed,
- Using technology where the client is able to perform a physical inventory count, but auditors are unable to attend, such as live camera feeds or web or mobile-based video conferencing to observe the inventory count,
- Performing alternative audit procedures where attendance is impracticable, for example inspection of documentation of the subsequent sale of specific inventory items acquired or purchased prior to the physical inventory counting, reviewing and testing inventory roll forwards, obtaining assurance that the inventory location was not accessible for a period of time, e.g., from security camera footage.

MODULE 7: DOCUMENTATION

1. SPECIFIC CONSIDERATIONS – DOCUMENTATION

The importance of documentation in the current environment cannot be stressed enough.

Significant uncertainties and a rapidly changing environment are requiring management and the auditor to make more complex judgments. Properly documenting these is critical.

More documentation of thought processes in areas of significant judgment may be required. More documentation of the changes in these thought processes is very important.

The auditor needs to consider the reasonableness of management's assessments in areas such as going concern and other accounting estimates. Applying professional scepticism to the judgments made and assumptions used by management is crucial. Stress testing these assessments and assumptions and documenting them is also crucial for the reliability, sufficiency and appropriateness of audit evidence.

Both management and the auditor will need to base their decisions on known facts and circumstances at the time.

Timely documentation is crucial in the current environment. Judgments may seem reasonable at a point in time, but not necessarily when considered in hindsight where circumstances have considerably changed. Clear documentation of professional judgments made by the auditor is important to explain the auditor's rationale for judgments in the circumstances at the time they were made.

In accordance with ISA 230, *Audit Documentation* the auditor is required to prepare documentation that provides a sufficient and appropriate record of the basis for the auditor's report and evidence that the audit was planned and performed in accordance with ISAs, and applicable legal and regulatory requirements.

In the current environment documenting professional judgments and the exercise of professional scepticism, as well as discussions with management and TCWG related to the impact of COVID-19, is critical.

This may provide evidence of the auditor's exercise of professional scepticism, including the specific procedures performed to corroborate management's response to inquiries, at the time the evidence was obtained.

Documentation of the professional judgments made, where significant, serves to explain the auditor's conclusions and reinforce the quality of the judgment in the circumstances at the time that the judgment was made. This may include the basis for the auditor's conclusion on the reasonableness of areas of subjective judgments (for example, the reasonableness of significant accounting estimates or going concern). Given the challenges many auditors will likely encounter with their audits in the current environment (some of those challenges likely for the first time), and in light of the continually changing environment, the importance of documenting the auditor's considerations in making those judgments in accordance with ISA 230 is essential.

MODULE 8: ACCOUNTING ESTIMATES

1. SPECIFIC CONSIDERATIONS – ACCOUNTING ESTIMATES

By their very nature accounting estimates involve subjective assumptions and measurement uncertainty and can involve complex processes and calculation methods.

Accounting estimates impact many areas of the financial statements.

In the current environment, it will be more difficult for management to determine assumptions, obtain data and develop estimates.

This in turn makes auditing these accounting estimates more challenging and the exercise of professional scepticism will be crucial in considering and challenging management's judgments and assumptions.

Some clients and / or auditors may not have faced an environment of heightened estimation uncertainty like this before and may need to establish more robust approaches for calculating estimates. In turn, the auditor may need to perform additional procedures to assess whether the accounting estimates made by management and the related disclosures are reasonable in the context of the continually changing and uncertain economic environment.

Management needs to implement robust processes and controls around the calculation of accounting estimates. Historic approaches that entities have taken to data assumptions or methods will need to change. Assumptions such as projections of revenue or future cash flow may be difficult to make, and entities will need to apply a multiple scenario approach. "Hindsight bias" may play a big factor in the assumptions used for calculating estimates.

Considerations for the auditor in auditing management's estimates may include:

- Ensuring early engagement with clients to understand how they are addressing challenges in developing accounting estimates, as well as ensuring clients are aware of the level of documentation they need to provide to the auditor,
- Whether an additional auditor expert is needed, e.g. a valuation expert. The auditor also needs to be mindful that in light of the uncertain economic environment, experts may include more caveats in valuation reports,
- Stress testing judgments as the audit progresses and revisiting risk assessment and responses where necessary,
- Being alert to an increased risk of fraud or management bias, and the importance of maintaining professional scepticism and thoroughly stress testing management's analysis and assumptions,
- Assessing the extent of uncertainty in estimated values and whether there is a pervasive effect on the financial statements, that would potentially require a modification to the audit report,
- Assessing the transparency of management's disclosures on the level of uncertainties.

Accounting estimates are pervasive in financial reporting. Accounting estimates and related disclosures are the responsibility of management.

The uncertainty of the current environment and the continual changing nature of the impact of the COVID-19 pandemic has added further complexity and challenges when auditing accounting estimates. The exercise of professional scepticism will be essential in considering management's judgments in relation to accounting estimates.

In accordance with ISA 540 (Revised) *Auditing Accounting Estimates and Related Disclosures* the objective of the auditor is to obtain sufficient appropriate audit evidence about whether accounting estimates and related disclosures in the financial statements are reasonable in the context of the applicable financial reporting framework.

As ISA 540 (Revised) is new (effective for financial statements for periods beginning on or after 15 December 2019) and the significant accounting impact on estimates due to COVID-19, audit firms should ensure that staff receive appropriate training on the revised standard and might want to reassess whether additional training is now required.

ISA 540 (Revised) explains how inherent risk factors can assist the auditor in identifying and assessing risks of material misstatement in accounting estimates. The inherent risk factors focused on in ISA 540 (Revised) include estimation uncertainty, complexity, and subjectivity. The COVID-19 pandemic will likely heighten the impact of all three factors, in particular uncertainty and subjectivity (because of the extreme uncertainty).

The degree of estimation uncertainty may increase because there is uncertainty about the associated economic impact of the pandemic, including for how long this impact will continue. The changing circumstances and uncertainty may also impact the selection and application of the method or data used and obtaining reliable data may be more challenging. In turn, when there is more uncertainty, the subjectivity in the selection of method, assumptions, and data increases. When there is a high degree of subjectivity the accounting estimate may be susceptible to management bias. More may be needed from management, such as different considerations about assumptions and models used, as well as in some cases stress testing the accounting estimates.

Key considerations for auditors about accounting estimates in the current environment include:

- Focusing on all accounting estimates, even when in prior periods a focus may not have necessarily be needed (e.g., how debts are recoverable even where there is a stable history of collecting debts). For example, a protective face mask manufacturer whose turnover is greatly increasing in the pandemic environment may have a large customer base (much larger than pre-pandemic), but that may not be able to pay in accordance with the terms of sale, or payment may be delayed leading to the question of recoverability of those debts.
- Whether inputs and assumptions are appropriate in the circumstances and in the context of the applicable financial reporting framework (e.g., cash flow forecasts, discount rates, etc.). Historic experience is not likely to be representative of the current and future environment. Assumptions on the duration of lockdown measures represent critical and uncertain inputs when developing estimates (e.g. impairment testing),
- Changes to regulatory factors that may affect accounting estimates,
- Whether data being used by the client is relevant and reliable. There is a risk that management will assert that the uncertainty is so great that it is not possible to determine a reliable fair value or value in use, with the amount determined at a previous reporting date being retained. In addition, if management is unable to determine a value for estimates it is likely to lead to questions on how they can make a reliable assessment of the client’s ability to remain as a going concern,
- How the specific client in a particular jurisdiction is being affected - the experience of one geography may not necessarily be representative of the experience of another geography. The impacts of the pandemic are also not uniform, in particular in relation timing, for example some economies may open up before others,
- Whether valuation specialists are needed, for example where there is no market data available to evaluate an accounting estimate,
- Whether valuation specialists used are including caveats in their reports in light of uncertainty in the current environment. Auditors may need to consider the impact of these caveats on the range of estimates and / or the sufficiency of audit evidence.

MODULE 9: ENGAGEMENT QUALITY REVIEWS

1. SPECIFIC CONSIDERATIONS – ENGAGEMENT QUALITY REVIEWS

Different audit firms will have different thresholds for requiring engagement quality reviews but given the complexity of the pandemic environment, the increased pressures and uncertainties, and a possible increase in situations where the auditor needs to consider modifications to the audit report, it is likely that more engagement quality reviews will be needed.

It is also more likely that engagement quality reviews will begin earlier than previous years, for those reviews that are mandatory. Due to the uncertainties that the pandemic environment creates, the engagement quality reviewer may need to become involved earlier in the audit process than in past audits.

The purpose of an engagement quality review has not changed, but the approach to the review may need to be different in a remote working environment.

Effective communication between the reviewer and the audit team is important to maintain virtually.

Auditors are having to make more significant judgments than ever before throughout all stages of the audit, and the reviewer will need to undertake an objective evaluation of these.

It may be helpful to have the engagement quality reviewer look at significant judgment areas sooner rather than later.

A small or medium sized practice may need to engage with an external reviewer outside of their own practice.

MODULE 10: GOING CONCERN

1. SPECIFIC CONSIDERATIONS – GOING CONCERN

The global economic implications of the COVID-19 pandemic have increased the likelihood that events or conditions exist that may cast significant doubt on a client's ability to continue as a going concern.

Depending on the specific facts and circumstances of each client, management's assessment of going concern could be more complex and increased disclosures around going concern may be needed in the financial statements.

As a result, the auditor may need to perform additional audit procedures to conclude whether management's assessment and related disclosures are reasonable. Remember hindsight bias!

It may be more challenging for management to assess the client's ability to continue as a going concern. Forward looking assumptions such as revenue projections or future cash flow may be difficult to make, and models and forecasts may be subject to drastic (yet plausible) assumptions and significant uncertainties. All these factors may make it more difficult for the auditor to audit management's going concern assessment.

Effective two-way communication between the auditor and audit client is important, particularly as facts and circumstances can quickly change.

Management needs to prepare a robust going concern assessment. Whether a client uses highly complex models or less complex spreadsheets, it is likely that existing models or approaches will need updating to factor in significant uncertainties and multiple scenarios.

Auditing management's going concern assessment will require the auditor to apply their professional scepticism to management's judgments and assumptions.

Considerations for the auditor may include whether:

- Additional audit procedures may be required, such as increased sensitivity analysis, robust stress testing of scenarios (including reverse stress testing - considering what it would take for the client to fail), recalculation of future cash flows and other forecasts, and inspection of key contracts,
- There is a higher risk of computational error. More work may be needed around reviewing changes to models and formulae, and testing whether changing inputs result in expected outputs being calculated,
- Management's assessment covers an appropriate period (typically at least the first twelve months after the statement of financial position date, or after the date the financial statements will be signed, but the timeframe might need to be extended depending on the circumstances),
- Management has included adequate, transparent, and client-specific disclosures in the financial statements on the level of uncertainties and events or conditions that affect going concern,
- A consistent approach has been applied across all companies in a group, and wherever possible, going concern assessments have been completed at the same time,
- There are any implications for the auditor's report.

Timely documentation of the auditor's thought processes and rationale for their judgments and conclusions on the reasonableness of management's assessment is important.

This will help the auditor to stand back and consider –

- Does it make sense?
- Is there enough evidence to support the conclusion?
- Is the evidence obtained indicative of the circumstances at that point in time?

It may also help with any internal firm processes or consultations for reviewing and benchmarking auditors' going concern assessments.

Going concern assessments (and related disclosures) are often complex analyses that frequently involve significant judgments related to future cash flows. Containment measures in numerous jurisdictions and disrupted supply chains have significantly influenced supply and demand in many industries, sometimes resulting in losses of income and other cash flow difficulties, such as the ability to collect debts when they fall due. Furthermore, the uncertainty about how economies will open up have affected the ability to reliably forecast future income and cashflows.

Management's Responsibilities

Management is responsible for the assessment of the client's ability to continue as a going concern and any necessary disclosures required by the applicable financial reporting framework. IAS 1 *Presentation of Financial Statements*, sets out the requirements for management to assess a company's ability to continue as a going concern. Under the going concern basis of accounting, the financial statements are prepared on the assumption that the client is a going concern and will continue its operations for the foreseeable future, unless management intends to liquidate the client or cease operations, or has no realistic alternative but to do so.

The going concern assessment by management: needs to be performed up to the date on which the financial statements are issued, relates to at least the first twelve months after the balance sheet date, or after the date the financial statements will be signed, but the timeframe might need to be extended.

The deteriorating economic conditions, extremely challenging business environment and level of uncertainty about future earnings over the next 12 months will, in many cases, likely make the going concern assessment by management extremely challenging

The applicable financial reporting framework sets out the specific disclosure requirements related to the going concern of the client, including significant judgments and assumptions used in management's assessment.

Specific disclosures are ordinarily required when management concludes that there is a significant doubt as to the client's ability to continue as a going concern. In the current circumstances more financial statements will likely include expanded disclosures about events or conditions that may cast significant doubt on the client's ability to continue as a going concern.

Auditor's Responsibilities

ISA 570 (Revised), *Going Concern*, sets out the auditor's responsibilities with respect to going concern. The procedures for the auditor set out in ISA 570 (Revised) largely focus on management's assessment of the company's ability to continue as a going concern and the related disclosures within the financial statements.

The current circumstances also make it more difficult for auditors to reliably audit management's assessment of going concern in light of the many and significant uncertainties. In the event that conditions are identified that may cast significant doubt on the company's ability to continue as a going concern it is likely that auditors may need to perform the additional procedures, and consider the impact of their findings on the auditor's report.

An integral part of the auditor's considerations are the disclosures relating to going concern. The auditor uses professional judgment in determining the adequacy of the disclosures in the circumstances of the company based on the work they have performed on management's assessment, and the implications of inadequate disclosures on the auditor's opinion or the auditor's report.

Examples of the challenges for auditors in evaluating management's assessment of the company's ability to continue as a going concern and the related disclosures that may exist in the current environment include:

- Evaluating whether a client has access to sufficient liquidity and can remain solvent through the period of public health restrictions and beyond. Previously prepared budgets and forecasts may require significant revision by management before being considered by the auditor. Changes may include the terms of financing facilities and government support, if any, and whether such support gives rise to future obligations, and when the obligations become due,
- There is often a lag between a general announcement of government relief programs, the details behind the programs and when the support is forthcoming. Companies need to make judgments as to the ultimate relief that will be provided, which can change when additional details about the relief become available. Not including government relief programs to which the company may be eligible in the assessment could result in conclusions that are inappropriate when determining whether the going concern basis of accounting is appropriate. Auditors may consider the extent to which a client is relying on such support (if available) and whether it is sufficient to cover any short-term liquidity issues, as well as if the conditions attached to any support are likely to be met by the client,
- There may be consequences for the availability of financing and / or government financial assistance if a reference by the auditor to going concern uncertainty in the auditor report results in a breach of banking covenants,
- It may be difficult to obtain a meaningful baseline economic forecast to develop estimated future cash flow scenarios, including further plausible downside economic scenarios specific to the client. A focus may be needed on any assumptions used and how any sensitivity analysis has been performed,
- There is likely to be insufficient reliable data on the potential length of time of closures (or whether there will be future closures), and the duration of the economic downturn affecting both the estimates of future cash flows and the relative weight of various scenarios,
- Evaluating the degree of business disruption is complex (i.e., will correlations from past consumer behaviour and business practices still apply after the crisis, or does this require a reassessment and recalibration of models used),
- Aligning the going concern evaluation for group and subsidiary reporting purposes, if filing deadlines differ, may represent a challenge (in particular where filing deadlines have been extended in some jurisdictions and not others.)
- Legal requirements for solvency and liquidity for companies in South Africa as per the Companies Act may be affected and this may lead to uncertainty. Contraventions of these provisions could be costly for companies.

Going Concern Reporting

If there is a modification to the auditor's opinion (e.g. a qualification or an adverse opinion or disclaimer of opinion) because of going concern issues (i.e. inadequate disclosures or limitation on scope in obtaining sufficient appropriate audit evidence) this is reported with ISA 705 (Revised). For other considerations of changes to the auditor's report the Appendix to ISA 570 (Revised) *Going Concern* provides illustrative examples.

General considerations:

- If the financial statements have been appropriately prepared on a going concern basis, a material uncertainty has been identified and appropriate disclosures have been made, an unmodified opinion is expressed. A separate section is included under the heading 'Material Uncertainty Related to Going Concern', which also draws attention to relevant disclosures within the financial statements.
- If the financial statements have been appropriately prepared on a going concern basis, a material uncertainty has been identified, but appropriate disclosures have not been made, a qualified or adverse opinion is

expressed. The 'Basis for Qualified (Adverse) Opinion' section of the report states that a material uncertainty exists that may cause a significant doubt on the client's ability to continue as a going concern and that the matter is not appropriately disclosed in the client's financial statements.

- If the financial statements have been prepared on a going concern basis, but the use of the going concern basis of accounting is inappropriate an adverse opinion is expressed.
- If the client is not a going concern, the financial statements have been appropriately prepared on a basis other than going concern and the alternative basis of accounting is appropriate in the circumstances, an unmodified opinion may be able to expressed if there is adequate disclosure about the basis of accounting on which the financial statements are prepared. An emphasis of matter paragraph may be considered drawing the user's attention to the alternative basis of accounting and reasons for its use.

A matter giving rise to a material uncertainty related to going concern is by its nature a key audit matter as contemplated in ISA 701, *Communicating Key Audit Matters in the Independent Auditor's Report.* In accordance with ISA 701 matters giving rise to a modified opinion in accordance with ISA 705 (Revised) *Modifications to the Opinion in the Independent Auditor's Report* or a material uncertainty related to going concern in accordance with ISA 570 (Revised) *Going Concern*, shall not be described in the Key Audit Matters section of the auditor's report. Rather, the auditor shall report on these matters as required by ISA 705 (Revised) or ISA 570 (Revised), respectively, and include in the Key Audit Matters section a reference to the relevant sections included in the auditor's report in accordance with these ISAs.

MODULE 11: AUDITOR REPORTS

1. SPECIFIC CONSIDERATIONS – AUDITOR REPORTS

COVID-19 will probably amplify conditions that give rise to a modification to the auditor’s opinion.

Where modifications may be necessary, it is very important for the auditor to engage with management and TCWG as early as possible.

Modifications to the auditor’s opinion are required where the auditor concludes that:

- There is a material misstatement of the financial statements, for example inadequate or inappropriate disclosure of the effects of the current circumstances, including insufficient description of relevant risks, estimates and judgments applied by the client,
- They are not able to obtain sufficient appropriate audit evidence, for example because of severe restrictions to accounting records that cannot be overcome by alternative remote procedures,
- There is a contravention of laws and regulations in terms of deadlines for audits of certain types of clients. (for e.g. Legal Practitioners / Property Practitioners / credit providers etc. that have specific timelines for reports, regulatory information submissions).

COVID-19 may also impact the identification of key audit matters (KAMs) for listed entities.

KAMs are selected from matters communicated to TCWG, or the audit committee, and are those matters that, in the auditor’s professional judgment, had the most significance in the audit of the financial statements.

A matter giving rise to a material uncertainty related to going concern is by its nature a KAM. However, in such circumstances these matters are not described in the KAM section of the auditor's report, but instead, the auditor reports in accordance with ISA 570 (Revised) on going concern. KAMs are a requirement for audits of listed entities but can be used voluntarily in other audits.

Auditor judgment is needed in deciding when it is appropriate to use an emphasis of matter (EOM) paragraph. It is important that they are not overused.

Emphasis of matter paragraphs should only be included where the auditor wants to draw users’ attention to a matter, they believe is of fundamental importance to the users’ understanding of the financial statements. An example could be where there is no material uncertainty related to going concern and management has disclosed useful information about how they came to that conclusion, the judgments made, mitigating factors etc., but in various places throughout the financial statements. In the same situation where disclosures are all in one place, the auditor may decide that an emphasis of matter paragraph is not necessary.

2. SUBSEQUENT EVENTS

Management’s Responsibilities

IAS 10 *Events After the Reporting Period* contains requirements for when adjusting events (those that provide evidence of conditions that existed at the end of the reporting period) and non-adjusting events (those that are indicative of conditions that arose after the reporting period) need to be reflected in the financial statements. Amounts recognized in the financial statements are adjusted to reflect adjusting events, but only disclosures are required for material non-adjusting events.

Management exercises judgment in determining whether events that took place after the end of the reporting period are adjusting or non-adjusting events. This will be highly dependent on the reporting date and the facts and circumstances of the client. Management may need to continually review and update the assessments up to the date the financial statements are issued given the fluid nature of the crisis and the uncertainties involved.

Correspondingly, there may be a need for auditors to design and perform enhanced or additional procedures.

If management concludes the impact of non-adjusting events are material, the company is required to disclose the nature of the event and an estimate of its financial effect. If it cannot be reliably quantitively estimated, there still needs to be a qualitative disclosure, including a statement that it is not possible to estimate the effect.

Examples of non-adjusting events that would generally be disclosed in the financial statements include breaches of loan covenants, management plans to discontinue an operation or implement a major restructuring, significant declines in the fair value of investments held and abnormally large changes in asset prices, after the reporting period.

Auditor's Responsibilities

In accordance with ISA 560, *Subsequent Events* auditors are required to perform procedures designed to obtain sufficient appropriate audit evidence that all events requiring adjustment of, or disclosure in, the financial statements, occurring between the date of the financial statements and the auditor's report, have been identified and appropriately reflected in the financial statements in accordance with the applicable financial reporting framework.

Auditors will likely require a greater focus on events occurring the date of the financial statements and the date of the auditor's report (i.e. subsequent events) and the effect, if any, on the client's financial statements. As some jurisdictions have granted extensions for filing financial statements, auditors may be required to undertake procedures to cover the longer period to the date of the auditor's report.

Auditor's will have to work with management and TCWG to ensure subsequent events have been accurately identified and reflected in the financial statements. If the auditor determines that the financial statements are materially misstated or is unable to obtain sufficient appropriate audit evidence to determine whether the financial statements are materially misstated, a modification to the opinion in the auditor's report is required.

The auditor has no obligation to perform any audit procedures regarding the financial statements after the date of the auditor's report unless a fact becomes known to the auditor that, had it been known at the date of the auditor's report, may have caused the auditor to amend their report.

MODULE 12: FURTHER GUIDANCE ON PRACTICAL AUDIT QUALITY CONSIDERATIONS FOR AUDITING IN THE PANDEMIC ENVIRONMENT

1. TOPICS OF GUIDANCE PUBLISHED

List of guidance published:

- IAASB Publishes COVID-19 Related Guidance on Review Engagements on Interim Financial Information - https://www.ifac.org/system/files/publications/files/IAASB-Staff-Alert-Interim-reporting-FINAL.pdf
- IAASB Publishes COVID-19 Related Guidance on Auditing Accounting Estimates and Related Disclosures - https://www.ifac.org/system/files/publications/files/Staff-Alert-Auditing-Accounting-Estimates-final.pdf
- IAASB Publishes COVID-19 related Guidance on Audit Considerations for Going Concern - https://www.ifac.org/system/files/publications/files/IAASB-Staff-Alert-Going-Concern-April-2020.pdf
- COVID-19 Resources from IFAC's Network - https://www.ifac.org/knowledge-gateway/discussion/COVID-19-resources-ifacs-network
- IRBA - https://www.irba.co.za/guidance-for-ras/technical-guidance-for-ras/staff-practice-alerts
- IRBA – Going concern: https://www.irba.co.za/upload/COVID-19%20Newsletter%20Auditors%20Report.pdf
- IRBA - https://www.irba.co.za/guidance-for-ras/general-guidance/covid-19
- IAASB Highlighting areas of focus in an evolving Audit environment due to the impact of COVID-19: https://www.ifac.org/system/files/uploads/IAASB/Staff%20Alert%20-%20Audit%20Considerations%20Arising%20from%20Changes%20Due%20to%20Coronavirus.pdf
- IESBA – Ethics and independence: https://www.ifac.org/system/files/publications/files/IESBA-Staff-Q-A-COVID-19-Ethics-Independence-Considerations.pdf
- A 2016 publication but is relevant today re: Fees from IESBA: https://www.ifac.org/system/files/publications/files/IESBA-Staff-Publication-Fees.pdf
- IAASB – ISA 540 (Revised): https://www.iaasb.org/publications/isa-540-revised-implementation-support-flow-charts-and-diagram-1
- IAASB – Illustrative examples Accounting Estimates: https://www.ifac.org/system/files/publications/files/ISA-540-Illustrative-Examples-1-and-2-Simple-and-Complex_Final.pdf
- IFRS 16 (leases) and COVID-19: https://cdn.ifrs.org/-/media/feature/supporting-implementation/ifrs-16/ifrs-16-rent-concession-educational-material.pdf?la=en

MODULE 13: LOOKING AHEAD

1. WHAT COMES NEXT?

Looking ahead, we should bear in mind the following:

- What have we learnt?
- What has changed?
- What kind of automation and skill sets have changed?
- Do we have the ability to cope?
- People wellness is of paramount importance,
- Training of staff is of paramount importance,
- Supervision and review and communication with the audit team is crucial, and last but not least,
- Are you ready for the next pandemic?

Some factors to consider include:

- Remember to take experiences learnt in this pandemic to future preparedness,
- Confidentiality lessons to be taken forward,
- Professional scepticism is key,
- Professional judgment is key,
- Stress testing evidence and assumptions cannot be over emphasised,
- Communication is key,
- Documentation is key,
- Internal controls are so very important and how clients will have processes for these in place,
- Cybersecurity is important,
- Training and wellness of staff may change completely, and
- Audit teams and team dynamics may change.

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