Media Statement

Maintaining audit quality while auditing remotely

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Johannesburg, 28 May 2020 - With the move to working remotely, concerns have been raised that the level of audit quality will be compromised due to a lack of systems and processes at the audit firms that would enable them to effectively perform an audit remotely. This concern extends to the availability of facilities that enable on-the-job training and coaching that is an integral part of the audit process, as well as the sharing of knowledge that is required for team members to have the required level of understanding of the client.

Audit quality will not be compromised

In response to the concerns, the auditing profession has expressed strong views that audit quality will not be compromised. Audit firms are far advanced in terms of being able to work remotely. Many firms, including the smaller firms, have invested in technology even before the global pandemic to ensure that audits can be performed remotely. This includes cloud based software that can be accessed anywhere and at any time through an internet connection. The use of cloud based facilities that allow for the storing and sharing of information enables clients to provide their auditors with information electronically. Importantly, with the ability to hold virtual meetings, audits are continuing.

To ensure that the required level of audit quality is maintained during these unique times, firms are using technology that they have invested in to enable effective and efficient audits to continue remotely. Firms also continue to invest in staff by providing audit teams with additional training and coaching on how to perform audit procedures remotely, including alternate procedures that can be performed to obtain the required audit evidence. From a global perspective, additional guidance has been issued by international audit firms on additional matters that audit teams need to consider as a result of COVID-19. This includes template working papers that prompt auditors to expressly document COVID-19 considerations, including additional risks of material misstatement (RoMM), alternate audit procedures performed and audit evidence obtained to support the opinion.

Overcoming challenges

The advances in technology that provide auditors with the ability to continue operating do not come without challenges. The two biggest challenges that auditors face is the inability to perform physical verification of assets and employees, and the inability to obtain and inspect
original documents. In terms of the auditing process, auditors are cognisant of the additional RoMM that arise as a result of COVID-19. To this end, auditors are adapting their audit approach accordingly to ensure that sufficient appropriate audit evidence is obtained to reduce the audit risk, being the risk that the auditor expresses an inappropriate opinion, to an acceptably low level.

The South African Institute of Chartered Accountants (SAICA) has issued a series of Frequently Asked Questions to assist auditors in overcoming these challenges under the current circumstances.

In closing

In cases where the auditor is not able to obtain the required audit evidence to support the opinion, there will either be a delay in reporting, where the auditor decides to hold off on issuing the auditor’s report, or the auditor will have to modify the auditor’s report accordingly. This will however, not result in the level of audit quality being compromised.

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