THE INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA (ICAN)

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COVID -19 PRACTICE ALERT:

KEY ACCOUNTING, TAX AND AUDITING CONSIDERATIONS

Overview

In the first quarter of 2020, the COVID-19 outbreak developed rapidly causing a worldwide pandemic, with a significant number of infections arising in different nations of the world, including Nigeria. The outbreak was declared a public health emergency of international concern by the World Health Organization (WHO) in March 2020. Several nations and states had to declare a state of emergency due to its widespread impact.

The disease has caused significant reduction in social interaction, with shutdown of public facilities and limit on physical interaction. Measures taken to contain the virus have significantly affected economic activities and global markets, with some industries more severely impacted than others. Amidst the global pandemic that has brought the whole world to its knees and by extension affected the global markets on all fronts, the Institute of Chartered Accountants of Nigeria (ICAN) is committed to maintaining Audit quality even in these uncertain times.

This practice guide provides guidance for ICAN members especially small and medium sized practitioners (SMPs) on significant accounting, tax and audit considerations in assessing and responding to the impact of COVID-19.

A. KEY ACCOUNTING CONSIDERATIONS ON BUSINESSES

Businesses are beginning to feel the impact of COVID-19 on operating performance and financial position. The need to quickly understand these financial reporting implications is imperative. This section will highlight potential financial reporting areas that small and medium scale practitioners ("practitioners") should look out for when working with businesses to identify the accounting impact of COVID-19.

A number of financial reporting areas will potentially be impacted by the COVID-19 pandemic. Some of these are discussed in the Table below. This list is not exhaustive. Practitioners must therefore keep a keen eye out as they discuss and review client specific situations.

Financial reporting areas	Some COVID – 19 Triggers	Impact on financial reporting
Impairment of financial assets	• Counterparties failure to make payments as at when due. • Support measures from government and individuals to debtors due	• Counterparties failure to meet payments as at when due as a result of COVID-19 may be considered to be a temporary liquidity constraint or may be expected to affect credit risk assessment for impairment purposes as per IFRS 9

	to liquidity constraints. These measures include moratoria, loan guarantees, renegotiations by individuals, roll over of debt, rescheduling of cashflows and below market rates	Financial instruments. Impact on credit risk on existing loans could be as follows: ○ Support measures may reduce lifetime risk of default; ○ Moratorium and delayed payments may mean there has been significant increase in credit risk (SICR), this is not automatic though. Other quantitative and qualitative factors should be considered as provided in IFRS 9. However, if there is a SICR it would mean a movement in loan stage; ○ Default of over 30 days in payment which would ordinarily mean credit risk has increased may be rebutted due to COVID-19. This however must be evident by the policy documented and evidenced in the loan impairment policy of the entity; ○ Support measures, such as guarantees, which are considered as part of the terms of the receivables may impact impairment. This is due to the fact their valuation may have been indirectly impacted by COVID-19 via changes in macroeconomic factors like currency devaluation and changes in interest rates; ○ Forward looking information used in determining expected credit loss rates should reflect long term estimates rather than short term economic changes and should reflect extreme downside scenarios' weightings; ○ Loss given default may increase if collateral values decrease as a result of asset impairments or market fluctuations; and ○ Assumptions and Judgements made in these respects will need to be disclosed. • Support measures may affect the amortised costs of loan receivables. When granted the new terms may modify the present value of the receivables resulting in a gain or loss on recognition. If new terms are significant the original loan may be extinguished, and a new loan recognized. An accounting policy on modifications and extinguishment will be required.
Inventory	• Reduced prices of goods • Shut down of businesses providing non-essential goods leading to	• Net realizable values of inventories may need to be revised and write downs recognized. Write downs should be disclosed.

	obsolescence of stock	• Look out for inventory charged to cost of sales. IAS 2 does not permit abnormal amounts of costs to be charged to cost of sales.
Property plant and equipment	• Shut down resulting in little or no operating activities for business. • Idle property plant and equipment.	• Depreciation will continue to be recognized during temporary idleness. • During prolonged idleness: ○ Reassessment of useful lives and residual values of assets would be required, and this could impact the amount of depreciation charged; ○ Depreciation methods may need to be revisited where there is a change in expected pattern of consumption. For instance, in cases where depreciation is determined by usage of the asset i.e. using unit of production or hours, depreciation charge can be zero while there is no production; ○ Companies should consider obsolescence that arises from idleness as well as any impairment/write downs required; and ○ These changes should be accounted for as a change in estimates and other critical estimation uncertainties should be disclosed.
Borrowing costs	• Shut down of non-essential services (as defined in the context of COVID-19) impacting the construction of qualifying assets.	• Suspend capitalization of borrowing costs during extended period of idleness until construction starts up. • Usually companies would not need to suspend capitalizing borrowing costs when a temporary delay is a necessary part of the process of getting an asset ready for its intended use or sale. However, the COVID-19 pandemic is unlikely to meet this criterion.
Impairment of non-financial assets	• Fall in share prices of companies due to COVID-19 resulting in reduced market capitalization. • Risk rates have been adjusted for countries and assets. • Falling prices, low sales and reduced operations.	• Fair values of non-financial assets based on observable prices should reflect market participants assumptions. Changes in these assumptions due to COVID-19 should be reflected. Also changing prices would affect the cost of disposal of non-financial assets. • Non-current assets held for sales will also need to be reassessed for impairment as a result of the changes in market realities. • Estimated future cash flows used in value in use calculations (present value of the future cash flows expected to be derived from an asset or cash-generating unit continuing use and ultimate disposal) should be revised in

		line with changing long-term forecasts. • Discount rates for present values should also reflect changing market interest rates or other market rates of return on investments and risk of the assets. • If the discount rate includes the effect of price increases/decreases and risk, then the future cash flows should not, to avoid double counting and vice versa. • Also, estimated cash flows or discount rates should reflect the range of possible outcomes rather than a single most likely, minimum or maximum possible amount (i.e. using a probability weighted cash flow scenarios). • Disclose all assumptions, sensitivities and estimation uncertainties that may arise.
Interest in associates and subsidiaries	• Companies in countries with extreme COVID-19 cases identified would have experienced fall in share prices and market capitalization. • Also operating losses incurred due to shut down.	• These are indicators of impairment. Parent companies should test their interest in associates and subsidiaries for impairment and effectively write down the value of their investments.
Fair value measurements	• Market prices have been impacted by COVID-19. • Forecasted cashflows are more uncertain due to disruptions to businesses. • Revised risk rate for countries and assets by rating agencies despite government interventions. • Spread and Counter party risk have increased.	• Fair values based on observables prices should reflect year end prices and market participants assumptions. • Fair valuation methods using forecasted cash flows should be revised or discount rates should be revised to reflect revised risk ratings. Disclosure on sensitivities, assumptions especially for Level 3 Fair values should be provided.
Hedging	• Falling prices of market index such as oil prices, interest rates and currency rates.	• Discontinue hedges where it is no longer highly probable to occur.
Loans	• Breaches in loan covenants, loan defaults by counterparties. • renegotiation of payments terms by parties in a loan agreement.	• Determine if these changes are significant or not. Insignificant changes would lead to recognizing a gain or loss on modification and significant changes may result in derecognizing the loan and recognizing a new one that reflects the new terms. • Consider impact on classification of loans, for instance, from non-current to current, if these breaches trigger related borrowing covenants
Leases	• Renegotiated lease terms	• Concessions from lessors may or may

	such as free rent periods and other concessions granted by the lessor or from the government.	not modify the lease and thereforerequire reassessing the lease liability and right of use assets: o Change in scope or consideration of a lease that is part of the original contract or supported by law (e.g. original contract provides for a force majeure event, which COVID-19 shut down can be liked to) is not considered a modification, it is a modification if not part of the original contract and would impact the amount of the right of use asset and/or lease liability (lessee) and lease receivable (lessor). o Delayed rental payment (rent holiday) alone may not necessarily modify the lease if over the life of the lease the consideration remains the same. It may instead be treated as a variable lease payment to be recognised in profit or loss as a reduction in income of lessor or an expense to lessee. • Concessions from the government may be treated as government grants. • Where the lessee is partially released from his obligation to make certain payments, this may result in an extinguishment of a part of the lease liability and may be derecognized as per IFRS 9. • Also consider impairment of the right of use asset due to loss of earnings during the rent concession period. Also longer term the economic performance of the asset may be affected. For lessor, the lease receivables may also be impaired.
Revenue	• Fall in revenue generated due to stay home restrictions. • Inability to pay consideration in contract due to business shut down.	• Managements forecast of cash inflows from revenue will need to be revised. • Management does not need to reassess the criteria for recognizing revenue again (after initial assessment is done and criteria is met) unless there are indications of significant changes in facts and circumstances. COVID-19 may be considered to be a significant change. The impact of this is that where customers' ability to pay for future goods and services to be delivered is no longer probable then revenue would not be recognized for the remaining goods or services to be delivered. This does not affect already recognized revenue and assets, but the assets will be subject to impairment.

Government assistance	• Support measures as enumerated above given by the government to alleviate the suffering of people and businesses in this pandemic.	• These may be treated as government grants (IAS 20). • The accounting treatment will also depend on whether the government assistance is directly for the entity or its customers.
Provisions, onerous contracts and contingent assets	• Expected future operating losses. • Contracts running at a loss due to costs being incurred with little or no incomes due to shut down of businesses. • Business continuity insurance may become receivable.	• Provisions are not to be recognized for future losses. • Losses on onerous contracts should be recognised as the lower of the cost to exit and the cost to fulfil. • Reimbursable assets arising from virtually certain payouts should be recognized. Otherwise may be disclosed as contingent assets. • Valuation of contingent assets or liabilities may need to be revisited.
Share based payments and employee benefits	• Increased job termination for staff. • Reduced pay and suspended promotions. • Sick pay for staff infected with the virus. • Below market loans granted to support staff in this period.	• Short term benefits of staff which are affected would impact employee benefit expenses recognized in profit or loss. • Sensitivities for assumptions used in determining share-based payments and employee benefit liabilities may be revised. • Risk free rates and high-quality bond used to determine the present value of employee benefit liabilities will change. • Cancelled schemes due to vesting conditions not met should be disclosed with impact recognized immediately in profit or loss.
Income taxes	Effect of all the other triggers would likely impact taxes.	• Deferred tax liabilities may reduce due to impairment. • Recoverability of deferred tax assets would need to be reassessed. • Unrecognized deferred tax liabilities may be recognized on undistributed profits due to restriction placed on subsidiaries, joint arrangements and associates in some countries.
Going concern	• Businesses have ceased, sales are lower, and some subsidiaries and companies are at the verge of being liquidated	• Reassess going concern assumption. If businesses are no longer a going concern measurement basis should be revised (e.g. use of net realisable values.)
Critical judgements and estimates	• COVID-19 has brought about a lot of uncertainties resulting in significant estimates and assumptions being made.	Disclose all significant estimates and judgements. For estimates disclose the following: ○ the nature of the assumption or other estimation uncertainty; ○ the sensitivity of carrying amounts to the methods, assumptions and estimates underlying their calculation, including the reasons for the

		sensitivity; o the expected resolution of an uncertainty and the range of reasonably possible outcomes within the next financial year in respect of the carrying amounts of the assets and liabilities affected; and o an explanation of changes made to past assumptions concerning those assets and liabilities, if the uncertainty remains unresolved.

Takeaway For Practitioners

What should practitioners be doing? Practitioners should be:

- Reviewing detailed accounting and business impacts making use of available guidance;
- Engaging clients to ensure they understand that even accounting is not spared from COVID 19. There are wider and far reaching accounting implications that may affect the present and the immediate future of businesses; and
- Providing useful advice to these clients to help them navigate accounting options and make the best out of the present situation and future impact.

B. KEY AUDIT CONSIDERATIONS ON BUSINESSES

B.1. Going Concern Assessments

Due to the impact or potential impact of COVID-19 on entities, companies would be required to perform going concern assessments and also make certain disclosures in the financial statements.Auditors will be required to audit the assessments and determine if the conclusions reached are reasonable and appropriate in the circumstance.

Areas to consider include, but not limited to, the following:

- potential impairment of non-current assets, including goodwill (where applicable);
- additional expected credit losses on loans, trade and other receivables and impairment of other financial assets;
- potential write down of inventories as net realizable values may now be lower than carrying amounts;
- decline in fair value of assets and liabilities given crash in global and local markets;
- impact on foreign operations and subsidiaries in regions which are worst hit than others;
- realisability of deferred tax assets;
- going concern assessment of reporting companies and subsidiaries; among others.

It is important to note that if client assesses and discloses the potential impact of the COVID-19 outbreak on their business in their financial statements, it is the auditor's responsibility to audit the assessment and accompanying disclosures where the client has assessed and concluded and/or disclosed that the outbreak will not have a material adverse effect on the carrying values of their assets and liabilities and confirm that this assertion is appropriate. If the client cannot reliably make an estimate of the impact of the outbreak on their financial statements at date, then that should be stated in the subsequent events note to the financial statements.

B.2. Impact On Audit Report

The auditor's report may be impacted if an entity is materially affected by the COVID-19 situation. The areas of impact include, but are not limited to:

- Modifications to the auditor's opinion due to material misstatement or an inability to obtain sufficient appropriate audit evidence (ISA 705 Revised);
- Inclusion of key audit matters (ISA 701 and FRCN Rule 9);
- Addition to emphasis of matter paragraph (ISA 706 Revised); and
- Inclusion of a paragraph on material uncertainty relating to going concern (ISA 570 Revised).

It usually requires complex judgement in determining the impact on the auditor's report. It is always advised that the auditor consults appropriately before issuing an opinion.

Management is responsible for making necessary adjustments and disclosures to the financial statements. These could include disclosures on subsequent event, risks and uncertainties, impact on the entity's operating results and liquidity.

Where the accountant/auditors have concluded that the disclosures made for entities that are materially affected are not considered adequate and appropriate in the circumstance, ISA 705 Revised - Modifications to the Opinion in the Independent Auditor's Report, requires the auditor to issue a qualified or adverse opinion, as appropriate in the circumstance, due to a disagreement with management, that disclosures are material to the financial statements.

Similarly, where the auditors are unable to obtain sufficient appropriate audit evidence to conclude that the financial statements as a whole are free from material misstatements, a modification of audit opinion may also be necessary.

In the current circumstance, audit work addressing the effect of COVID-19 on an entity may be adjudged a matter of most significance in the audit of the financial statements of the current period. In this case, the auditor is required under ISA 701 to include a key audit matter that describes why the matter was considered to be of most significance to the audit and how the matters were addressed during the audit.

B.3. Physical Inventory Observation

Due to the measures taken by governments around the world to combat the spread of COVID-19, it may become challenging for auditors to attend and observe physical inventory counts.

It is widely noted that some companies are going on with their planned inventory counts with or without the presence of auditors while others are deferring to a future date.

The following provides guidance on how auditor can obtain appropriate audit evidence in the light of the challenges highlighted below.

If inventory is material to the financial statements, ISA 501 requires us to obtain sufficient appropriate audit evidence regarding its existence and condition by attending the entity's physical inventory count, unless attendance is impracticable. If the auditor is unable to attend physical inventory count "due to unforeseen circumstances", ISA 501 requires us to observe physical count on an alternative date and perform audit procedures on intervening transactions.

Factors to consider where entity intends to reschedule inventory count or proceed with count without the auditors:

- The effectiveness of the entity's processes and controls for monitoring inventory movements for the intervening period;
- Communication with management and agreement of plan for attending a future inventory count; and
- The nature of records and documents to be maintained that would be beneficial to the auditors.

It is also important to note that where the auditor concludes that he may not be able to obtain sufficient and appropriate audit evidence through alternative procedures, ISA 501 requires modification of the audit opinion.

Audit procedures where entity intends to reschedule inventory count or proceed with count without the auditors:

- Remote inspection of the evidence of management count activity (e.g. count sheet) and evaluating such results;
- Review of internal audit reports for inventory locations visited paying attention to operational issues noted;
- Inquiry as to any changes in the inventory count process due to the COVID-19 (e.g. change in personnel, instructions etc.);
- Post balance sheet date observations with roll forward procedures (e.g. testing invoices, shipping documents, production documentation), and
- Relying on inventory counts observed earlier in the period and performing a roll forward procedure etc.

C. KEY TAX CONSIDERATIONS

C.1. Tax Relief and Benefits

Nigeria's House of Representatives has tabled in the National Assembly a bill titled 'Emergency Economic Stimulus Bill 2020' (EESB 2020) to provide measures that will protect jobs and alleviate the financial burden on citizens in response to the economic downturn occasioned by the outbreak of COVID-19 for period 01 March 2020 to 31 December 2020 (EESB relief period) but may be extended by the President if COVID-19 persists, subject to ratification by a majority of the members of the National Assembly.

C.1.1. Income Tax Rebates

Any employer duly registered under the Companies and Allied Matters Act (CAMA) Cap C20 LFN 2004 (except for companies that are partly or wholly under Petroleum Profit Tax Act) who maintains the same employees status without retrenching them during the EESB relief period shall be entitled to 50% income tax rebate on the total amount due or paid as PAYE.

Any reduction in the number of employees due to death arising from natural causes, voluntary disengagement, or disengagement by virtue of a breach of the Labour Act Cap L1 LFN 2004 are exempted.

C.1.2. Import Duty Waiver

The Bill also proposes the waiver of import duty on medical equipment, medicines, Personal Protection Equipment (PPE)and other medical necessities required for the treatment and management of COVID-19 in Nigeria during the EESB period.

Takeaway For Practitioners

In the immediate term, practitioners should familiarise themselves with tax reliefs available to their clients and reach out to them, especially those that are hard hit by the impact of COVID-19 and are considering downsizing; and those involved in the supply of medicine, medical equipment & supplies for the treatment & management of COVID-19.

In the medium to long term, practitioners need to monitor or track the status of EESB with a view of advising their clients to access the reliefs on offer as soon as possible.

C.2. Palliative Measures by FIRS to Corporate Bodies

To cushion the impact of the COVID-19 on taxpayers, Federal Inland Revenue Service (FIRS) is offering the following palliative measures:

C.2.1. Extension of Filing Deadlines

Deadlines for filing Value Added Tax (VAT) and Withholding tax (WHT) returns have been extended by 10 days from the 21st day of the month to the last working day of the month, following the month of deduction.
The time for filing Companies Income Tax (CIT) returns has also been extended by one month from the due date of filing.

C.2.2. Use of Electronic/Digital Channels to File Returns

Use of e-platforms for filing tax returns, payment of taxes and application for Tax Clearance Certificates. Where the taxpayer in unable to use the e-platforms, FIRS has provided dedicated email address for each office that may be used for correspondences as well as filing their tax returns with the FIRS.

C.2.3. Tax Audit and Inspections

The FIRS has suspended field audits, investigations and monitoring visits until further notice. However, FIRS plans to publish information requests for desk reviews and tax audits on its website and create a portal where such information can be uploaded by taxpayers for online review.

C.2.4. Other Compliance Matters

- Taxpayers may file returns using unaudited accounts but must subsequently submit audited accounts within two months after the revised due date of filing;
- Waiver on fines for late payments for those taxpayers who pay on time but are unable to use the email facility to file their returns by the due date; and
- Option to pay in Naira equivalent at the prevailing Investors & Exporters forex rate tax liabilities that would otherwise be due in foreign currency.

Takeaway for practitioners

Given increasingly restricted travel, meetings and access to company sites, practitioners will need to develop alternatives, such as virtual meetings, use of bulk repository applications to gather information to help clients meet their obligations as per the extended deadline.

In some cases, the business operations of the practitioners or their clients could be hampered such that there is total disruption in the process of obtaining and preparing information required to file returns by the due date, including respective contingency measures advised by FIRS. As such practitioners are advised to be proactive and discuss with their staff, clients and the FIRS, the impact of the COVID-19 on their client's business operations, reporting timetable and the potential delays that may arise.

C.3. Palliative Measure by Internal Revenue Service to Individuals

The Lagos State Internal Revenue Service (LIRS) has announced the extension of the deadline for filing personal income tax (PIT) returns by 2 months from 31st of March to 31st of May 2020.
The Federal Capital Territory Internal Revenue Service (FCT IRS) has announced the extension of the deadline for filing PIT returns by 3 months from 31st of March to 30th June 2020.

Takeaway for practitioners

Despite the timeline being extended there may be possible unforeseen circumstances that could prevent the practitioner or the taxpayer from meeting their timelines such as inability to conduct audits at all, due to travel restrictions on the auditor or the client. Therefore, the practitioner is recommended to make proactive and timely contact to the relevant SIRS for advice on next steps.

C.4. Global Best Practices that are yet to come into Nigeria

While the above interventions are commendable to alleviate the burden of tax payers, we are likely to see additional intervention measures by government and FIRS and SIRS, depending on how long Nigeria is able to effectively manage COVID-19 and bring the economy back to work again. Some of the global best practices that could ease the hardships caused by COVID-19 include:

1. Extension of the timelines for monthly filing of PAYE tax returns by the various SIRS;
2. Suspension of debt enforcement measures to provide time for recovery of businesses;
3. Extension of time to pay taxes and pension contributions, agreeing on instalment arrangement as well as waiver of penalties and interest;
4. Expedited tax refunds for compliant taxpayers as well as targeted tax rebates and reliefs to the industries that have been hardest hit by COVID-19; and
5. Temporary reduction of tax deducted at source, such as VAT and WHT deducted at source by companies in oil and gas as well as MDAs.

Takeaway for practitioners:

It would be helpful for ICAN and practitioners to link with other accounting professionals around the globe to keep themselves abreast of measures other governments are implementing with a view of bringing best practices to the attention of policymakers at Federal and State levels.

D. BEST PRACTICES FOR WORKING REMOTELY

As a result of COVID -19, auditors are experiencing challenges in performing their work especially with the conventional manner of gathering audit evidence. Therefore, practitioners would need to be agileand creative in addressing these challenges. The International Standards of Auditing (ISAs) have clear requirements an auditor must meet to demonstrate reasonable assurance that the financial statements are free from material misstatements.

This section touches on some best practices and remote working guidelines in ensuring practitioners continue to provide services to clients without compromising quality.

At the core of achieving this, is the auditors' attitude towards embracing the use of technology. Understanding that there is a sharp sudden shift in the way auditors work is the first step in the right direction, embracing the use of technology is the second step. A typical day in the life of an auditor is characterized by meetings (client meeting or team meetings), field work, business travels, interviewing clients/making inquiries and several evidence gathering activities. All these activities have undoubtedly been disrupted by COVID-19 pandemic, so there has to be a change of approach to evidence gathering.

D.1. Exploring Creative, Non conventional Options to Navigate Through Certain Required Audit Procedures

Exploring creative and nonconventional options in navigating through certain audit procedures willassist in reducing the disruptive impact of COVID-19 on the auditor's day to day activities. We will explore how technology can be embraced in performing certain audit procedures below.

D.1.1. Physical Inventory Observation

The auditor is required to obtain sufficient appropriate audit evidence regarding the existence and condition of inventory, if inventory is material (ISA 501.4). Practitioners may consider the use of technological devices that enable the observation of the inventory count remotely, where it is not practicable to physically attend the count. The use of body cameras, live feeds and listening devices are alternatives worth considering. It is also important to understand that the nature of the kind of counts that could be done virtually could be limited and may have with them additional audit risks that the auditor would need to address.

The extent to which the practitioner has made the resource and technology available to the audit staff also determines if the inventory can be observed by the audit staff remotely.

D.1.2. **Access to Relevant Client Records**

Standard audit procedures often require a lot of interactions with clients – interviews with relevant staff across different levels in the organization and gaining access to relevant records. It is very important that the auditor is able to initiate and maintain these levels of interactions during these periods of restricted movements in order to ensure that there is open and clear communication between the auditor and the client.

The use of standard and easy to use project management tools would help ensure that meetings and request for client records are well planned.

Moreover, there are several business solutions that the auditor or the client could employ in order to facilitate access to relevant staff during the audit engagement. Zoom, Skype for business has been employed by some companies to facilitate video conferencing meetings, as long as both the auditor and the client are comfortable with the mode of having these meetings. WhatsApp also offers business solution accounts that has an elevated end-to-end user encryption, this can also be employed.

Cloud computing (for exampleGoogle drive) has become a household name in the business community and can be used to gather information and share with auditors and other service providers. Its ability to transfer and share documents make it a very powerful document sharing tool which could aid in obtaining sufficient and appropriate evidence to form the basis of audit opinion.

D.1.3. **Confirmations**

According to ISA 500, the reliability of audit evidence is influenced by its source and by its nature, and is dependent on the individual circumstances under which it is obtained. It further states as follows:

- Audit evidence is more reliable when it is obtained from independent sources outside the entity:
- Audit evidence obtained directly by the auditor is more reliable than audit evidence obtained indirectly or by inference: and
- Audit evidence is more reliable when it exists in documentary form, whether paper, electronic or other medium.

Accordingly, depending on the circumstances of the audit, audit evidence in the form of external confirmations received directly by the auditor from confirming parties may be more reliable than evidence generated internally by the entity.

Auditors could request confirmation letters be signed off via e-signatures, an alternative could also be to request clients to authorize the confirming parties to respond via emails directly to the auditor. It is important to note that additional audit procedures would be required where email responses are received to verify thesource and contents of the response and also verify that the response was received from an authorized individual.

D.2. Other Self-Care and Stress Management Tips

D.2.1. Encourage staff to comply with government directives on safety and social distancing this period and to only get updates on news from reliable and verifiable sources.

D.2.2. Share self-care tips with employees on how to stay healthy, maintain good nutrition and exercise regularly.

D.2.3. Managing staff emotional and psychological wellbeing through initiation of accountability groups where staff take responsibility for and check-in on each other.

D.2.4. Encourage staff to stick to a routine, if previous pre COVID-19 routines are no longer practicable, creating a new routine that works for the current situation will ensure better productivity.

D.2.5. Encourage staff to seek professional help/counselling if experiencing aggravated levels of stress and interrupted sleep and eating patterns.