

Auditing Compliance During COVID-19 Crisis – A SAI Perspective

Why does this matter? The COVID-19 outbreak has significantly heightened risks to compliance, thereby affecting accountability and transparency. These risks relate to significant amounts of emergency funds being placed at the disposal of governments, ambiguities associated to authorities governing new funds, challenges in implementing internal controls due to working in restricted environments, capacity constraints in implementing compliance checks, risk of fraud and corruption due to weak controls and balancing the urgency of action with the need for compliance. SAI's role as an independent external oversight in ensuring compliance, accountability, and transparency is now more critical than ever. Due to complete or partial lockdowns, the challenge for the SAI is how it can conduct high-quality audits that contribute to strengthening compliance during the COVID-19 crisis?

WHAT TO AUDIT?	WHEN TO AUDIT?	HOW TO AUDIT?
Strong communication and consultation with audited entities and other key stakeholders		
<p>Considerations:</p> <ul style="list-style-type: none"> • Can the SAI monitor govt's handling of emergency efforts and have an overview of COVID-19 responses? • Is the SAI able to identify the missteps inherent in public sector spending of the significant emergency funds allocated? • How are entities ensuring compliance in their regular operations, which are affected by the COVID-19 crisis? 	<p>Considerations:</p> <ul style="list-style-type: none"> • How to balance the need for timely reporting and accountability of public money during the crisis with auditing without adversely affecting COVID-19 response actions? • Does the SAI have the required capacities? • Is it possible to gather sufficient and appropriate audit evidence? • Is the entity ready for real-time/concurrent audit? 	<p>Considerations:</p> <ul style="list-style-type: none"> • Can the SAI staff work remotely? • How the audit team can access entity documents? • Can the audit team carry out verification checks, and apply different methods to check the controls? • Can the auditor gather sufficient and appropriate evidence?
<p>Potential audit areas:</p> <ul style="list-style-type: none"> • Compliance to the regulations in regular areas operations of entities affected by COVID-19. • Compliance to the existing rules and regulations about the preparedness of the government for the crisis. • Compliance in spending on health services, providing subsidies, and emergency responses. • Internal controls addressing the emerging risks related to the procurement of medical equipment, supplies. • Compliance with relevant authorities in creating awareness on maintaining public health during the crisis. • Compliance with pertinent rules of recruitment and deployment of health personnel. • Compliance to authorities governing gender and other inclusiveness issues. 	<p>Probable timelines for audit:</p> <ul style="list-style-type: none"> • Conduct real-time or concurrent compliance audit if conditions allow. • If a real-time audit is not plausible, initiate the audit immediately after the crisis is over. • May also consider COVID-19 related audits in the SAI's longer-term audit plan. 	<p>Conducting the audit:</p> <ul style="list-style-type: none"> • Revisit the audit risk, and the risks of non-compliances considering COVID 19 in SAI's current audits. • Identify risk considering the emergency, which requires a different risk response to those in regular times. • Engage with the stakeholders to consult and identify potential regulatory, compliance risks. • Design alternative procedures to gather audit evidence. • Coordinate with other oversight agencies, e.g., anti-corruption body, fraud control agency, internal audit division of the entity. • Consider gender and inclusiveness. • If required, perform limited assurance engagement with fewer procedures, time, and scope. • Be innovative and flexible and use technology to connect with the entity; consider the use of geospatial systems, IT systems to verify and controls checks.

Besides conducting compliance audits as per applicable ISSAIs, SAIs may also contribute to compliance through other response actions – e.g. SAIs can communicate the continued importance of accountability and transparency, engage in setting up of fit for purpose compliance frameworks for new funds or new types of expenditure, answer specific problems or questions, perform the comptroller role (pre-audit). In considering audit and other COVID-19 response actions, it is important for SAIs to consider the impact they want to achieve, the mandate which governs them, existing capacities and the standards that govern the piece of work they plan to take up.