

PAB/ICAJ WEBINAR

“FACING AUDIT CHALLENGES”

Practice Management & the effect of COVID19. Benefits of Audit Software in achieving standard

8 June 2022

Strictly private and confidential

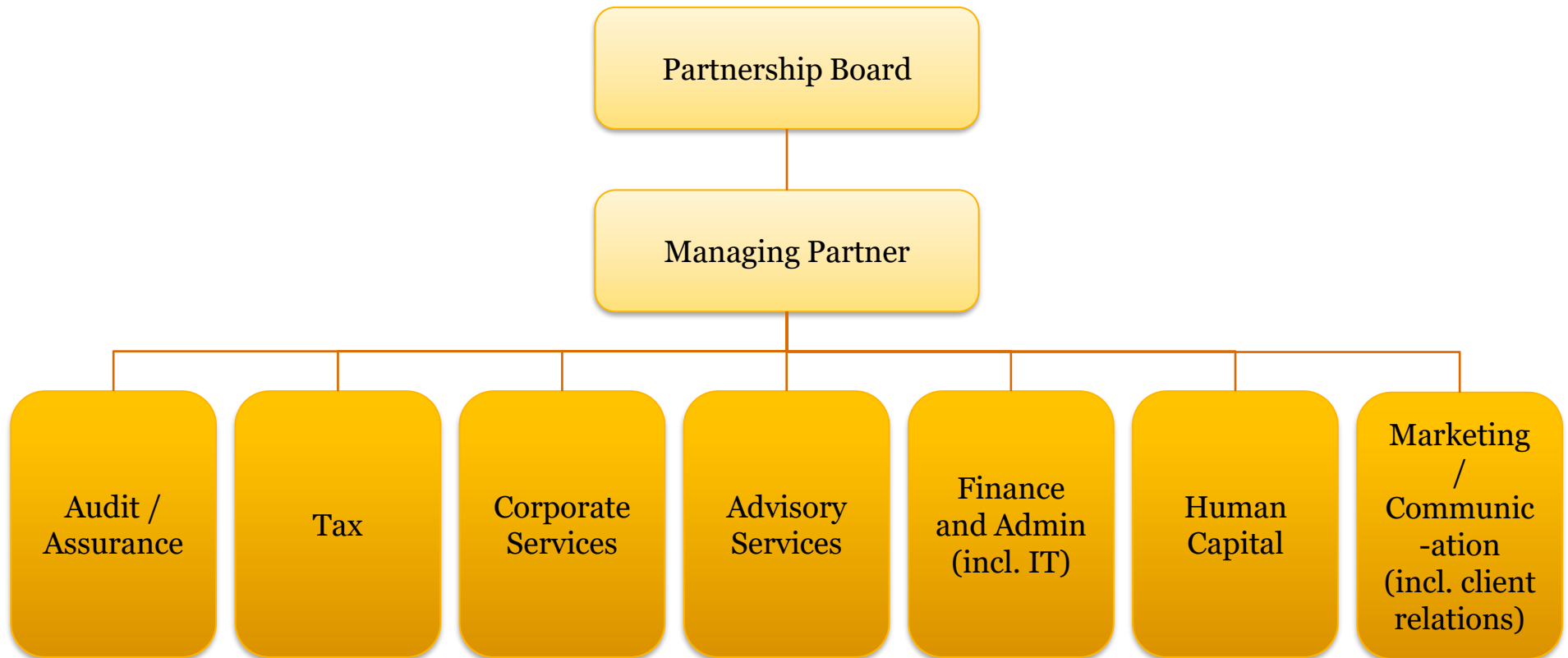


Objective of a good practice management system

- **To provide consistently high quality professional services through competent, technically and motivated staff to the continued satisfaction of clients for a suitable return on investment**

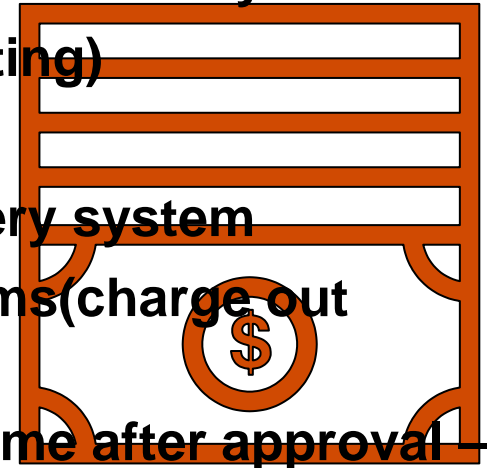


Possible way to structure your firm



Some ingredients of a good practice management system

- Institution of a practical capital structure
- Recruit and retain strategically including remuneration/CPD systems
- Proper client attraction and retention system(marketing)
- Compile proper budget annually
- Implement appropriate fit for purpose service delivery system
- Implement proper practices and management systems(charge out rates, time management system etc)
- Prepare budget for each assignment and monitor same after approval – price sensibly/don't under price your services/don't low ball
- Institute a reliable job scheduling/management system
- Regular review cash, WIP and receivables (system should age items)
- Bill efficiently in advance. WIP and receivables should be no more than 90 days
- Prepare monthly management accounts
- Monthly meetings to track results, discuss KPI's and take action
- Appropriate CSR program



Some COVID19 information

- **COVID19 is certainly one the most challenging phenomenon that has ever been faced by economies globally**
- **Hit Jamaica very hard, most certainly a life changing experience for all**
- **First case confirmed locally on March 10,2020**
- **Jamaica's GDP declined by over 9.9% for 2020, the largest ever decline in history**
- **All sectors hit very hard especially Tourism(70%),Production, Distribution, Entertainment, Education and Health**
- **Jamaican dollar devalued against the US\$ by 10.7% in 2020 and unemployment rose to over 12 %.**
- **To date Jamaica has had 139,203 confirmed cases and related deaths of 3,076. Most recent positivity rate is 38.2% as we go through another wave. Seems we will have to learn to live with it.**
- **Vaccination rate still in the 20s**



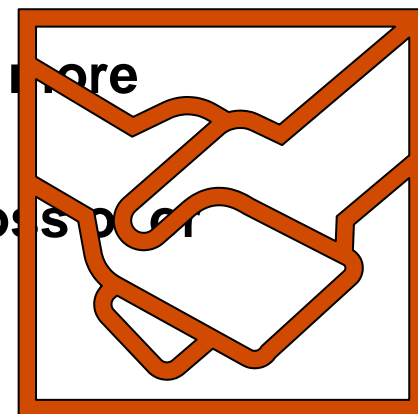
Some elements faced with COVID19

- **Several lock down days and other means of restricting movement**
- **Closure of airports and ports**
- **Closure of schools for long periods**
- **Many other control protocols issued including mask wearing, temperature checks, confirmed negative tests to travel in and out of the island and to visit certain places**
- **Overall major disruptions to livelihood in virtually all aspects.**



Some Challenges faced by practitioners

- **Significant challenges for many in particular remote working by staff. In instances systems were not fully in place, there internet issues and accountability**
- **Problems with clients not being prepared for the new arrangements**
- **Audits dragging on, missing deadlines, client pressures. This included more audit work for going concern, valuations etc**
- **Had to seek extension through ICAJ to regulators such as BOJ,FSC and JSE**
- **Difficulty collecting from clients as many had serious cash flow problems**
- **Losing connectivity with staff**
- **Mental issues for some team members**
- **Significantly increased staff turnover / reduced loyalty, more opportunities**
- **Absence due to illness(Covid19 positive included) or loss of a sickness of loved ones**
- **Overall serious productivity issues.**



Experiences/Perspectives from a few practitioners including lessons learnt

- **Ms Kayan Sudlow – EY**
- **Mr Nigel Chambers – KPMG**
- **Ms. Effie Crooks – Sole Practitioner**
- **Mr Wayne Strachan – Baker Tilly**
- **Mr. Horace Gyles – Sole Practitioner**



The case for digital audit tools including electronic working paper files

- **Despite the challenges due to Covid19 many individuals and companies excelled under the circumstances. For Example listed companies such as GraceKennedy and Seprod reported best ever earnings for the year 2020.**
- **The pandemic also demonstrated the need to accelerate digitalization for many businesses including audit firms.**
- **Will be extremely difficult for auditors exist in the new dispensation brought on by Covid19 and numerous technological advances in business processes**



The case for digital audit tools including electronic working paper files

- **One of the buzz phrases for executing audits currently and going forward is “people led, digitally powered”. There are several benefits to be derived from using audit software/digital tools including the following :**
 - **Ability for team members to work remotely**
 - **Facilitates planning audit on risk based approach by assisting in identifying keys risks and how to address**
 - **Standardized working paper files designed to document work to easily comply with required standards especially International Standards on Auditing**
 - **Library procedures guide on testing to comply with standards**
 - **Enhanced efficiency**
 - **Electronic file completeness check/archiving**
 - **Customized**
 - **Precision**
 - **Transparent**



The case for digital audit tools including electronic working paper files

- **Many firms internationally have tailored efficient electronic audit working paper files which makes the audit process so much more organized and effective. For example Baker Tilly uses Global Focus, EY uses Canvas, KPMG uses E Audit and PwC uses AURA.**
- **There are several other digital tools used for more effective and efficient audits including alteryx (data interrogation), datalink(data extraction), connect(file sharing/project management), halo(audit testing), power BI,tableau, (data interrogation and visualization), data sniper (documentation/matching) etc.(lots of tools available)**



Digital Tools

Aura

Driving quality and consistency through a risk-based approach.

Aura, our global ERP system, makes sure work gets done one way - the right way - globally and locally. It is used by over 100,000 auditors worldwide, on every PwC audit. Aura ensures our teams take a consistent, focused and efficient approach to audit risk.

Connect

Connecting people in real time.

Connect, our global coordination tool, provides fast, efficient and secure information sharing at every stage of the audit. It streamlines, standardises and automates real-time communication between your teams and ours, 24/7, wherever you are in the world.

Halo

Understanding your business and gaining deeper insights

Halo, our data auditing technology, tests huge volumes of business-critical data, analysing whole populations, improving risk assessment, analysis and testing, and unlocking a wealth of insight. Halo is revolutionising our audits by harnessing the power of data.

GAR,.

CONCLUSION

- **The Covid19 pandemic has severely disrupted our lives as individuals and professional practitioners . Despite all of that, it also shown that we can adapt quickly to changes when circumstances dictate this. In particular it is now clear that the way forward must involve ongoing digitalization of our audit processes.**
- **We therefore need to condition our minds for this new paradigm as it will be almost impossible to survive. Let us go forward and do what is required, there will be no other option.**



Q&A

Thank you