



Remote Auditing Considerations and Challenges

Presented by:

Jeffrey A. Ford, CPA

May 20, 2020



Remote Auditing Considerations and Challenges

Based on U.S. GAAS

- **Private company focus**
- **Told that IAS are similar**
- **Exercise due care in your local market**
- **Derived from AICPA presentation on March 23, 2020**



Remote Auditing Considerations and Challenges

Acceptance of Remote Auditing

- Audit situations typically state “what” evidence to obtain
- Rarely dictate “how”
- Be creative
- Collaborate with clients



Remote Auditing Considerations and Challenges

Acceptance of Remote Auditing

- **Still need to comply with auditing standards**
- **Carefully consider security and privacy controls as you obtain client data in new ways**



Remote Auditing Considerations and Challenges

Planning a Remote Audit

- **Risk Assessment changes as to:**
 - **Fair Value measurements**
 - **Estimates**
 - **Impairments**
- **Analytics – historical comparisons may be less relevant**
- **May have difficulty in obtaining services of valuation experts**



Remote Auditing Considerations and Challenges

Planning a Remote Audit

- **Consider possible deadline extension**
- **Consider modifications to debt covenants, reporting requirements, etc.**
- **Fraud inquiries**



Remote Auditing Considerations and Challenges

Planning a Remote Audit

- **Documentation and Testing and Internal Controls**
 - **What is client doing in this environment?**
 - Document
 - Assess
 - **Potential limitations**
 - Ability to test operational effectiveness
 - Audit reliance
 - **May have delays in receiving SOC reports**



Remote Auditing Considerations and Challenges

Inventory Observations – Video Feed

- **Standards do not prohibit, but consider**
 - **Video recognition of proper site and date**
 - Land marks
 - Existing familiarity
 - Date and time markers – i.e. newspaper
 - Documentation in memo
 - **Consider retaining video, though not required**
 - **May be difficult to:**
 - Assess condition of goods
 - Movement during the count
 - Completeness



Remote Auditing Considerations and Challenges

Inventory Observations – Video Feed

- **Options if cannot visit or video**
 - **Roll back or roll forward**
 - **Cycle count testing**
- **Potential scope limitation**



Remote Auditing Considerations and Challenges

What If You Can't See Original Documents

- **Electronic images acceptable**
- **Use appropriate professional skepticism**
- **Process**
 - **PDF copies**
 - **Remote access**
 - **Box option**
- **Representation letter**
 - **Electronic acknowledgment is OK**
 - **Signed is preferred**



Remote Auditing Considerations and Challenges

Subsequent Event Disclosures

- **Wide range of impact by industry and company**
- **Consider FV, impairment, volume, etc.**
- **Many examples now available**
- **Seek clarity and transparency**
 - Reasonably specific, but concise
 - Care as to information that is quickly stale



Remote Auditing Considerations and Challenges

Going Concern Considerations

- Remains management's responsibility
- One year from issue date
 - Cash flow and other projections may be difficult to calculate
 - Debt covenant considerations
 - AU-C 570 addresses significant delays in issuance
- Perhaps modify report for uncertainty or emphasis of matter



GROSSMAN YANAK & FORD LLP
Certified Public Accountants and Consultants

Questions?
