

Unlocking Skills & Opportunities in Covid-19 Lockdown

The current COVID-19 crisis is having a significant impact on every individual, society, country and the world at large. It has taught us new perspective to live our lives and the way we do our work. The question for all of us to deliberate is “how is COVID 19 impacting our profession and whether we are ready to overcome its impact and what are the lessons for future?”

The lockdown and travel restrictions have hugely impacted every Chartered Accountant’s audit & other schedules. To ease the challenges, the Government & Regulators have come up with relaxations in deadlines with respect to Audit of annual/ quarterly financial results, Compliances under GST, Income Tax, and other applicable Laws & Regulations. Read on...

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These difficult times have led us to evolve & transform ourselves with regard to our approach towards work and to adapt to the changing circumstances. In every audit committee meeting, client meeting and team discussion, people are sharing their experiences and learnings. We are all learning from each other’s experiences.

Work From Home

The “Work from Home” or “WFH” policy is not a new concept and was easily possible because of vast scale digitization and advancement of networking and technology. Despite many Companies having WFH policy in place before COVID

19, especially those in the IT sector, very few CA firms, who were serving such clients, had adopted WFH policy for such clients. By and large they had not even thought of it. The reason was that most of us were of the belief that work from home was not possible in an audit assignment. But as we all have realized, COVID 19 has completely shattered this myth.

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home is not the same for every CA firm, i.e., a few have implemented it successfully and a few are still having challenges, but it's time for all CA firms to accept & adopt this policy and work accordingly to overcome such challenges. In future, many CA firms will adopt this policy for their employees on rotational basis for optimum utilization of office space and the efficiency it brings and to reduce travel time & costs.

This will give opportunity to CA firms specially in metro cities to optimize their cost by hiring good resources who are based in non-metro or small cities or hire experienced female chartered accountant who are not into the mainstream currently on account of their personal commitments & constraints. This will also give opportunity to CA firms to attract and retain good talent in the organization. Though the work from home will have its own set of challenges and threats like managing the confidentiality of the client data, measuring the productivity and efficiency of the employees, additional

spending on IT infra, etc., but CA firms will be able to evolve and overcome such challenges and threats through experience and use of technology and convert them into opportunities.

Virtual Client Connect

Virtual meeting & webinars are the new learning for all of us. Microsoft Teams, Google Meet, etc. are not new software developed during the lockdown. They were in existence for the past few years but were hardly used by the profession in the course of rendering services. With the help of this new learning, CA firms will come up with new policies on travel, business meet, team meet, etc. Virtual meetings would be the "new normal". This would not only save travel time and cost, but also give us opportunity to easily connect with clients to give them better service and with teams to guide them on real time basis.

Digitalization & Document Management

Currently, several document management systems are available, and few of such systems have the option to integrate with the accounting systems like SAP, Tally, or other ERPs. Some accounting software have inbuilt feature of document management. But there are very few companies who have implemented document management systems in toto and in an integrated way. Such companies are able to handle the COVID 19 situation in a far better way as compared to those who have partially implemented such systems. This presents a

very good opportunity to CA firms to develop a new line of service, i.e., consulting and helping the client, whether small or big, in implementation of document management system and digitalization of accounting records in an integrated way. The cost of such systems is very reasonable and affordable. Considering the current COVID 19 experience, in future, many companies will have their records and data on cloud. In such scenario, the audit approach will also change drastically. The auditors will be able to access client information and their records from any part of the world. The required data will be easily retrievable, which will save lot of time in audit execution. Since lot of audit procedures will be carried out offline and dependency on the auditee will be far less for providing information and records, auditors will be able to schedule interim audits with the optimum utilization of their resources.

One of the risks which audit firms would face in future is huge exposure to digital records for purpose of audit. It is relatively easy to manipulate digital records and scan documents with the help of advanced IT tools. Of course, technology will address such risk as well and the concept of digitally signing documents and agreements will evolve, instead of physical signing and scanning documents. However, the Regulators and the Institute of Chartered Accountants of India may have to come up with the new set of standards and specific

guidelines, for addressing the said inherent risk. The auditor's fraud assessments to such risk and methodology to conduct the audit in digital environment will undergo significant change in future.

To achieve the objective of paperless office and for better controls, many large companies have already implemented ERP to its fullest extent on account of which their entire processes like creation of document, maker-checker, approver, etc., are all carried out through the system itself. Hence, they are able to easily manage their workflow and business operations even during the lockdown very smoothly. All companies whether large, medium, or small sized have realized that it is time to implement all functions of ERP and to automate all their existing processes. This will also have an impact on the future methodology of audit. Since several accounting and approval functions would be carried out through the system without any paper records, auditors will have to gear up and build up competent teams to handle such business dynamics. Audit team



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Audit Experiences

To express audit opinion on the financial statements in the COVID 19 scenario, many audit firms have adopted new processes and methodology to meet the requirements of standards of auditing. To share a few examples:

- a. In the past, direct balance confirmations were obtained by many CA firms through post or courier. But in the current year, direct balance confirmations were obtained using email or by use of other digital platforms.
- b. CA firms have used secured digital platforms or server to access data and share data with clients and team members
- c. Teams have reviewed the financial and related data in soft copies
- d. The audit checklists and programs were digitally signed or initialed
- e. The auditors report and certificates were digitally signed as against physically signing hard copies
- f. Entire documentation of audit is in soft form instead of hard copies as in the past

The examples shared above are not unique or new. But many CA firms have practically implemented such processes on account of challenges from COVID 19 pandemic. The

firms have realized the need to carry out all audit procedures remotely and carry out paperless audit. The draft procedures issued by NFRA for submission of audit files also emphasizes on digital systems in CA firms for documentation. Indian CA firms will evolve in the coming years to use & implement safe, secure and user-friendly digital tools to carry out Audit in a remote environment by applying all Auditing Standards to meet the expectations of the Regulators and society at large in this ever growing digital world.

Learnings

Technology and digitalization would be the driving force that would revolutionize future of audit. With digitalization comes associated risks and threats. This requires CA firms to transform and focus on constant skill & methodology upgradation related to audit in complex IT environment which is both an opportunity and threat. I am of the firm belief that the Indian CA firms will rise to the occasion and seize the opportunity and live upto the over increasing expectations of the society from the Profession.

There would be a need to further strengthen communication and client connect in a virtual environment. The setting of agenda for the meeting, keeping documents, which need discussion, ready in soft form for screen sharing and etiquette of the meeting like no background noise, muting when one is not speaking, ear phones and privacy for confidentiality.



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Managing audit team interactions in a virtual environment, with many staff working from home while children are schooling from home, scheduling time together can be a challenge. However, with proper planning the same can be accomplished. Team members should be there for their families, as well as productive to work. We need to give confidence and support to the team members, provide required moral, IT, and other required operational support on regular basis.

We need to strengthen our audit process and systems, to bring-in more standardization for execution of audit and documentation, to impart training to team for remote auditing and sharpen their skills. Key to success for a CA firm would be to explore best IT systems for audit execution.



Nature of work executed by CAs, involve lot of communication with clients and other stakeholders. We are tuned to one on one onsite meeting, while at times having similar conversation remotely becomes challenging. It is essential for us to sharpen communication skills of team which can enhance team's confidence. As a firm, we can design process note for all remote communication which can be knowledge enhancer for all.

This situation is a “new normal”. We all must bring lot of operating changes at our offices. SOPs need to be defined for executing each task. There is need to ensure safety and comfort for all team members.



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In this “new normal”, the CA firms need to encourage all its employees to adopt our old and traditional culture of namaste, yoga, healthy food, cleanliness, etc.

Opportunities

During Covid-19 pandemic, due to successful experience of remote audit, there will be an increased acceptability of international firms and entities, to outsource audit assignments to Indian CA firms. This is an exciting time for the Indian CA firms who have gained experience of work from home, digitalization, new methodologies of carrying out audits remotely, virtual meetings, increase use of technology & IT tools, etc. Such rich experience coupled with the knowledge of the Ind AS & Standards on Auditing, both of which are in line with International Standards, will help the Indian CA firms to provide outsourced auditing services to international entities at reasonable cost. This will be in line with our honorable Prime Minister's vision to make India “Atma Nirbhar” and call for “Vocal for Local” and growth of the Indian CA firms.

The experience of lockdown has forced us to unlock ourselves to adopt new positive learnings with respect to technology, skills, and methodology. And such continuous positive learning will definitely open doors to a lot of new opportunities for Indian CA firms.

