

Supreme Audit Institutions

Lessons Learned from Facing The COVID-19 Crisis

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Introduction

Some believe that the global crisis of the spread of the Covid-19 pandemic that the world is currently going through was a surprise to the world. However, most economists in the world believed in the inevitability of such crises, especially since there had been global economic crises that had a great impact on the global economies, especially the major ones. It has been heard similar statements from many economists. Here the French researcher Thomas Guinoli describes the crisis on 18th November 2008 to CNN as, "What summarizes the crisis is the domino effect, how is that? Imagine that there are two rows of dominoes placed next to each other. Another row of dominoes is placed behind them: The two front rows fall, and in a sequential reaction the rest fall."

Rather, some economists were surprised that it did not happen years before this date.

What concerns us in this paper is to search for lessons learned from these crises and how the role of Supreme Audit Institutions, internal and external control tools, or those carried out by accounting offices and audit firms that are assigned to audit companies has been developed. In order to obtain a professional opinion with some acceptable assurance in accordance with customary accepted international accounting standards.

The auditors were closer to an accurate picture of the situation of the entities subject to their oversight during the

global pandemic crisis, especially the large banks, whether in their countries or the world. Despite that, the Supreme Audit Institutions did not issue any warning about approaching disaster. As the periodic and final reports issued by the subject entities oversight was perfect when reading and reassuring. In fact, the governments of the world had no doubt about the quality of financial control over their economic institutions.

The researcher is not here to compare previous economic crises with the current pandemic crisis. Especially that some governments in great countries have addressed some gaps in their laws regarding their accounting and auditing standards, whether at the local or global level, and stable results have been reached. As there is no similarity between what happened to them and what is happening in the financial world today.

This paper here is in the process of extracting lessons learned by facing the Covid-19 pandemic to improve the leading role of the Supreme Audit Institutions, especially since the problem is global, not local, and the speed of response and flexibility in dealing with decisions and laws issued by governments and the transparency and speed required in the issuance of reports and assessment of risks and dealing with them and developing the leading roles that these agencies are supposed to play to limit the spread of corruption in such circumstances, maintain the economy and increase its immunity, preserve the privileges enjoyed by citizens in addition to the exceptional services required by the stage

while limiting losses that affect the economy and investors, and the global choices of many countries of the world in the way to confront this crisis and their relationship to the nature of the capitalist, socialist or totalitarian system, as well as the destinations of solutions proposed by the new economic schools (such as the modern classical school), which have been adopted by the West in the early eighties of the last century, when the former American President Roland Reagan, the British Prime Minister Margaret Thatcher, and the China and Scandinavian schools adopted it.

Research Question:

- The reality of the position of the Supreme Financial and Accounting Audit Institutions from the crisis facing the Covid-19 pandemic and the current global financial crises.
- Discover the spots of defection in the performance of the Supreme Financial and Accounting Audit Institutions.
- Identify the origin of successes and failures in the practices of Supreme Financial and Accounting Audit Institutions during facing the Covid-19 pandemic.

Research Objectives:

This research aims to find ways to upgrade the role entrusted by the Supreme Financial and Accounting Audit Institutions during facing the Covid-19 pandemic crisis and its consequences. And to try to raise some important points in its mechanism of work. In preparation for putting them on the

table of research, to activate the role of these institutions. To make their work more effective in making fruitful economic decisions and to increase its effectiveness in predicting future events, which may affect the functioning and continuity of the economy effectively, efficiently, and productively.

Research Importance:

The importance of the research is starting from the importance of the role entrusted by the Supreme Financial and Accounting Audit Institutions. It is a role of such importance that it is not hidden from anyone the extent of the need for such institutions. As it is known that governments, corporate boards, shareholders, and investors rely mainly on information provided by the Supreme Audit Institutions and external audit offices. It is important information for investment and measuring the durability of the country's economy and its companies that create the total economy of the country.

Research Methodology:

This research will follow the descriptive research method. Based on the nature and modernity of the topic, and on studies, periodicals, scientific references, and the information collected by the researcher. It is a preliminary exploratory step that may lead to the correct path by lighting up many important question marks for extensive research. The audit aspect is a science that contains many sciences which are difficult to understand in one research. Hence, this research will track the global reactions of international and local

financial audit institutions issued by official regulatory institutions such as official audit institutions, central banks, companies themselves, unions, and global accounting and auditing associations.

Research Parameters:

This subject does not consider among new subjects. As it was preceded by the appearance of the global economic crisis in 2008. Two years after the pandemic, the whole world is still confused about the significance of the crisis facing the pandemic and how to treat it. The global accounting institutions have benefited from previous events and prepared a set of adjustments in the accounting and auditing standards to meet similar situations. However, resources are still limited in this field, except for some published academic research. Therefore, it was necessary to use the internet to obtain what is beneficial for this research. In addition to relying on books, periodicals, and specialized publications when establishing scientific information in accounting.

Research hypotheses

There are two main research hypotheses:

- The crisis of the COVID-19 pandemic had a statistically significant impact on the performance of the Supreme Financial and Accounting Audit Institutions.
- There is a statistically significant role for accounting and auditing standards in deepening the effects of the COVID-19 pandemic crisis due to the presence of structural errors in them.

Chapter One: The impact of the COVID-19 pandemic on the performance of Supreme Financial and Accounting Audit Institutions

Topic One: Supreme Financial and Accounting Audit Institutions

The title of this research was comprehensive for all supreme financial and accounting audit institutions in order to differentiate among them according to their importance in relation to global economic variables and the current crisis during facing Covid-19 pandemic.

Therefore, we are initially facing two types of auditors:

First: The internal auditor (INTERNAL AUDITOR)

He is the auditor who works under the authority holder and is considered the same for the accounting operations that take place within the entity. COSO has summarized the task of the internal auditor with the following points:

- 1- Achieve efficiency and effectiveness in operation.
- 2- Achieve accuracy in financial information.
- 3- Encourage commitment to the policies, systems, and instructions issued by those in charge of the work.

For the internal auditor to perform his work effectively, he must obtain independence from the executive functions. However, he cannot be neutral about the organization as long as he has a working relationship with it (Arrens, Lubeck, 2008, p. 27).

During the recent pandemic, some voices emerged from internal auditors stating that they had warned their superiors of the confirmed risks their organizations face during the pandemic. However, many superiors dealt with it as national or political security and did not look at the governance of the crisis and dealing with it in a way that guarantees the interests of the stakeholders. These auditors may find an excuse, as their authority is subject to the authority holder. However, the big question falls on the shoulders of the supreme financial and accounting audit institutions and external auditors.

Second: the supreme financial and accounting audit institutions or the external auditors (EXTERNAL AUDITORS)

He is the one who is assigned by the economic institution to audit them, or the institution is subject to his audit under state law. Therefore, he is an external party that must meet the professional conditions of the audit process. In general, the external audits performed are the most frequent. Which are the mandatory audits of the financial statements for a business facility, known as (the audit of financial statements), (Loutfi, 2009, p. 17).

Third: The nature of the external auditor's work

Firstly, it is important to know that the Supreme Audit Institutions, internal audit units, audit offices, and auditors of all kinds are very keen to adopt the accepted principles and accounting standards (GAAP), or that these standards are necessarily known to them and are among their priorities when conducting audit operations. Many international

accounting institutions have contributed to enriching the audit process. They worked on framing and rationing it. Such as the International Organization of Supreme Audit Institutions (INTOSAI), the Financial Accounting Standards Board (FASB), the American Institute of Certified Public Accountants (AICPA), and the International Accounting Standards Board (IASB). They agreed on several international standards that were circulated to countries around the world.

We find that all these institutions have spared no effort in trying to bring the audit profession to the desired limits of verification. To ensure the integrity of the audit process and the work of these economic institutions and government agencies that depend on them.

Topic Two: The crisis manifestations of the global COVID-19 pandemic

There are several crisis manifestations related to the Covid-19 pandemic, which seemed clear in the confusion of politicians, economists, and international organizations, about the interpretation of its consequences and the emergence of the factor of mistrust among those dealing with the current crisis. Which led to a series of results, most notably:

- Collapse and bankruptcy of many governments and large companies. Which called for legislators and able governments to issue some tax exemption decisions and enact financial aid laws that would stop the collapse of major economic institutions and preserve the economic path.

And stop the collapse series in stock markets, stop bankruptcy operations, and prevent the collapse of the rest of the state's financial institutions. Countries have resorted to using the same financial policy that was adopted in the 2008 crisis. Which is to pump more money into banks and companies that suffer from bankruptcy risks. However, the crisis manifestations seemed clear in:

1. Collapse in the local and international stock exchange prices.
2. Collapse of many economic institutions, especially medium and small ones.
3. Accumulate debts on governments, institutions, and individuals.
4. Continuation of inflation, although it was expected in such circumstances.
5. Shrinking global production and marketing operations.
6. Reducing consumption operations on commodities of all kinds, except those related to the COVID-19 pandemic crisis.
7. Reducing the foreign trade between countries all over the world and the imposition of restrictions on the movement of goods and people.
8. Disruption in exchange rates and currencies in the world, and fear of the collapse of the banking system.
9. Suspension of work in most investment projects and the slow economic growth of most countries all over the world.

10. Increase in the unemployment rate to unprecedented numbers since the Great Depression in 1939.
11. Low economic growth rates in developed countries.
12. Drop in oil prices to very low levels as a result of the economic stagnation accompanying the Covid-19 pandemic crisis, the restrictions imposed on the movement of flights and people, and the suspension of many economic activities in the importing countries.

The most important characteristic of the effects of the Covid-19 pandemic on business:

1. A significant increase in the use of distance working methods and reach to distance working programs and applications.
2. Using methods of communicating with managers, colleagues, and clients via video and communication tools through formal and informal channels.
3. Significant increase in web traffic outside the intranet area.
4. The increasing reliance on the Internet Service Provider (ISP) for the flexibility of enterprise business and thus a potential increase in the risk of data leakage due to new ways of working.
5. Lack of direct supervision of the business.
6. Impact on some operational processes (e.g., physical printing of documents).
7. Increasing the customer's turnout for online services versus traditional channels, which may require some operations (such as opening an account), thus without

resorting to a face-to-face confrontation with the customer.

8. The increase in phishing related to the COVID-19 pandemic and another social engineering (accessing systems or data by exploiting human psychology through misrepresentation, rumor, or temptation).
9. The impact of the supply chain equally with the above-mentioned factors and increase the risks associated with the organization.

The new situation after the COVID-19 pandemic

Countries, institutions, and supreme audit institutions started managing this period from several priorities:

- First priority:
People's safety is first, followed by business safety.
- Second priority:
Maintaining business continuity by introducing strategies and initiatives that include entering new technologies. With the possibility of dismissing some employees.
- Third priority:
Customer experience management. It is maintaining sustainable customer loyalty; by sustaining communication in innovative ways and meeting needs.

Impact of COVID-19 pandemic on audit functions

1. Its impact on the annual audit plans and its representation within the executive business plans of the audits.

2. Cyber Security:

The Supreme Financial and Accounting Audit Institutions and audit offices have allowed their employees to work remotely from anywhere and therefore the assessment of work and control risks has not been appropriately evaluated.

3. Information Technology:

Adding nearly 60% of information technologies to business and information security.

4. Relationship with the third party:

Allocating resources less than 50% of the audit possibilities to cover relations with the third party (which is each party that affects and is affected by audit work).

5. Audit work:

- Manage audits remotely through TV conferences - file sharing - application sharing 000
- Update and change the skills required for auditors due to technological transformation.
- The negative impact of the COVID-19 pandemic on the country's economy, and the increase in unemployment may increase the risks of embezzlement. Thus, directing audit work toward activities that are related to that.
- Auditing should focus on matters proportional to the new situation. The most important of which is dealing with emerging technologies during the crisis. These technologies are characterized by rapid growth and radical change so that it is consistent and proportionate

with the passage of time and has a noticeable impact in the field of economy, which in turn affects the methods of knowledge production. However, what distinguishes them most is that their future impact is not guaranteed and is ambiguous.

- Managing the risks inherent in emerging technologies. The most important of which is evaluating the expectations of the emerging technologies results at a higher level than reality. Especially that using the current work methodologies in dealing with emerging technologies and algorithms may create unfair results. As if there are programming errors, the solutions algorithm will not work with the expected efficiency and may give misleading results.
- Managing the risks resulting from network penetration, in which the target is directed towards systems that include big data.
- Dealing with risks and legal issues: systems that process a large amount of customer data may not be subject to the general personal and government data protection regulations.
- Dealing with reputation risk: emerging systems may produce biased results, errors, be vulnerable to hacking or unethical use, and cause significant reputational damage to the auditees; owners of these emerging systems.

Topic Three: The most important challenges and opportunities facing the Supreme Audit Institutions

Rational governance and national security are the common aspirations of people all over the world. They constitute a common mission of all SAIs.

Nowadays, with the development of economic globalization in terms of depth, and the seismic effects of the COVID-19 pandemic crisis on all aspects of nations' lives, especially the lives and economies of nations, have increased global issues such as energy and resource security, economic security, environmental security, food security, honesty, governmental efficiency, efforts to combat corruption accompanying the COVID-19 pandemic crisis, and impact of unprecedented unemployment followed by government support programs. All the above need higher requirements for SAIs and make it address new challenges. The biggest challenge, for everyone, is to promote and serve rational national governance.

First, as this new era of development assumes an increasingly important role in national governance, it calls for a continuous deepening of the functions of the national audit.

Second, as the national audit is a vital power in preserving democracy and sovereignty of law, it plays a decisive role in reinforcing governance efficiency, raising clean administration, maintaining national security, and improving people's livelihood.

However, there are currently restrictions on SAIs regarding directing their ideas, approaches, and effects. In order to meet all the needs of rational national governance.

What is required from the Supreme Audit Institutions and Audit Offices at this stage:

1. Quickly adapt to and welcome the change caused by emerging technologies, and work with the required speed to absorb, evaluate, and deal with them. responsiveness to deal with the products of those technologies.
2. Continuous development of auditors' capabilities, qualifications, and learning. To keep the efficiency and effectiveness of auditors and the audit process.
3. Keep objectivity, independence, and transparency. Respect the institutions and organizations guide way in their choice when adopting emerging technologies and cooperating to reach the best recommendations in practicing businesses during the COVID-19 pandemic.
4. Re-evaluating work methodologies. Starting with defining the vision of the higher management of the audit institutions. Following by defining the audit field. Passing through the audit plans, designing audit programs, and process of the work and documentation. Then implementation, accreditation, and dispatch.
 - **What is required from the auditors:**
 1. Knowing the challenges and their impact on auditors and the audit processes.
 2. Balance between risks and opportunities. The threat should be related to the bug that if exploited could negatively affect the origin of the information that is being reviewed. And if not, it is not a threat.

3. Many auditors worry about threats and vulnerabilities that pose no real risk to an asset. Wasting valuable time and resources while prioritizing compliance over risk.
4. Embracing new technologies and preparing to face future challenges:
 - Connecting the auditors' skills with the future.
 - Preparing for what will be the future of digital interaction for auditors.
 - Evaluating the auditors' skills periodically and measuring their suitability with future challenges.
 - The auditor's will is the most accurate way to lead the audit to predict the future.
 - Investing in RPA technology. Automates the processes or robotic process automation, and artificial intelligence.
 - Recruit and attract talented skills in the digital field.
 - Adjust audit plans that are for audit assignments.

Topic Four: The risks of strategic planning in Supreme Audit Institutions and the institutions subject to their control during the COVID-19 pandemic.

- The inability of the Supreme Audit Institutions to adopt emerging technologies.
- Failure to establish open communication channels among all the organization's departments.
- Lack of a clear strategy for developing governance structures (institutional and operational) along with technological implementation.

- Allow unknown emerging technology projects to affect the entire organization.
- Not adopting the appropriate technology for the level of technological maturity or the organization's ecosystem.
- The lack of a strategy that manages people better.

Strategic planning steps for auditing in the Supreme Audit Institutions during the COVID-19 pandemic.

The new reality of the working environment created by the Covid-19 pandemic, with all it contains from distance working conditions and the use of new technologies, in addition to the change in procedures and policies adopted as a result of strict government decisions. All of this requested a review of the audit strategic planning steps, which were represented in the following:

- Understand the organization's context and strategy, during and after the COVID-19 pandemic.
- Understand the components of the rational governance system during the Covid-19 pandemic, which were developed by the National Crisis Committee.
- Familiarize yourself with laws - data - organization principles - procedures - privacy - regulations and other compliance requirements during the COVID-19 pandemic.
- Defining IT audit portfolios - organizational structures - other third parties.
- Familiarize yourself with professional culture and ethics - professional conduct system - any new initiatives according to the new working environment.

- Training on IT auditing and reviewing the results of the general awareness training.
- Training on ways to identify new risks, whether business risks, risks inherent in the organization's business, or audit risks, and how to deal with them.

Topic Five: Supreme Audit Institutions and management of audits in crises associated with the Covid-19 pandemic.

It takes more thought than ever about how it can add value and harness audit functionality to provide for the actual time a guarantee and a more collaborative approach.

The COVID-19 pandemic represents an obvious danger, not only to the health and well-being of the general population but also to organizations around the world. The existence of the epidemic has summoned the Supreme Audit Institutions to assess the impact of this scourge on the safety of employees and customers. It required reviewing the decision-making process to become more flexible and secure in real-time. All while keeping adherence to international standards of professional practice.

Practitioners have had many priorities to consider, and risks need to be addressed during the crises associated with the COVID-19 pandemic. Although the challenges were many, a lot of fields, in particular, required the attention and focus of the auditors such as: business collaboration, audit planning methodology, audit team capabilities, audit risks, communications...etc.

Business cooperation

Considering the current situation, it is important to re-evaluate the risks to refocus on the things that matter most. Where the pandemic requires thinking about how to add value.

Supreme Audit Institutions should increase their business monitoring activities to the actual time or near the actual time, enable practitioners to monitor their business units effectively and appropriately, and respond to changing risk profiles and audit needs.

Audit plan methodology

Reprioritize the audit plan during ongoing risk assessments. This is important to align audit priorities with the highest immediate risks to the organization. These are the actual time changes to the audit plan in response to the new risk information. This follows making decisions - start/stop/freeze - to align the audit plan. To face the specific challenges posed by the COVID-19 pandemic.

These adjustments should consider resource requirements and audits that can be performed remotely with minimal impact on limited operations. The audit must ensure that there is adequate engagement with internal and external stakeholders, including regulators, to manage expectations.

Examples of important fields of audit during the COVID-19 pandemic:

- Crisis management, disaster recovery, and business continuity plans.

- Increased risk of fraud.
- Unauthorized access to devices and network infiltration, leading to the data breach.
- The effect of payment relief programs for customers and the potential massive influx of demand from customers facing financial difficulties
- Companies are looking for a guarantee for real-time to obtain valuable data on the increasing number and scale of risks. Thus, audit institutions should enable auditors to work closely with the audited entities to collect data and enhance cooperation. To facilitate the provision of a real-time confirmation guarantee.
- Auditors must remain flexible in facing a range of rapidly evolving factors. As no one knows how long the pandemic will last and the real impact that it will have on organizations and institutions, both locally and globally.

Audit team capabilities

The audit team must take measures to ensure the health and safety of the audit staff, as well as their families and communities.

These procedures must enable the auditor to complete audits that require travel or on-site observations.

The use of flexible working arrangements also enabled the audit team to work remotely while leveraging technology to perform guidance.

It also requires more collaboration between auditors and business organizations for effective planning, interaction, and exchange of intrinsic data.

Audit risks

The audit team must apply the same standards of risk management to itself that they expect to see during their review of the auditee. This entails keeping a risk archive that shows all the risks facing the audit and the steps required to manage them. The audit team, like any department in the organization, faces risks that need to be identified, assessed, mitigated, monitored, and managed, just like any risk management process.

These risks are exacerbated by new emerging risks, such as the impact of the COVID-19 pandemic may include failure to cover key audit risks, inadequate risk assessments, improperly designed audit procedures, auditors' inexperience in the field they are auditing, and faulty assurance/ Inaccurate, and the credibility or reputation of the audit team, and consequently its impact on the reputation of the Supreme Audit Institutions.

Potential risks directly related to the impact of the COVID-19 pandemic include:

- Restricted auditors' ability to travel to perform planned audits.
- When auditors or family members are infected with COVID-19 and are placed in self-quarantine, it affects the implementation of the audit plan.

- Auditors work from home but face challenges with network connectivity or limited access to the Internet.
- Institutions reduce resources and therefore cannot assist auditors in obtaining the required audit information.

Communication is the solution

Ongoing and consistent messaging from the audit team is essential to keep auditors informed about job initiatives, as it may impact their careers. Just as important, keeping stakeholders informed of audit activities, including reviews that need to be deferred or audited in schedules.

"Excessive communication is a risk. It's better to tell someone something they already know than not tell them something they need to listen to."

Is it possible to reduce corruption risks and increase the efficiency of supreme audit institutions without impeding governments' response to the COVID-19 pandemic?

As governments grapple with the COVID-19 crisis, the need to act quickly can disrupt normal procedures designed to combat corruption risks. Pandemic conditions can make SAI oversight more difficult. Moreover, the very nature of emergency response can open new avenues of corruption that, in the worst cases, can lead to unnecessary suffering and even loss of life by diverting scarce resources away from people and places that need them most. Corruption can also entrench the privileges of the powerful elite, widen inequality, and undermine trust in accountability institutions.

To help guide policymakers, the World Bank's Governance Team has prepared a policy brief on “Ensuring Integrity in Government Response to the COVID-19 Pandemic.” (World Bank-2021)

The response to the COVID-19 pandemic most probably led to an increase in the corruption risks and practices that contribute to the illicit financial flow. It may also lead to the emergence of new risks. As governments respond to this pandemic, the first response must include efforts that mitigate its impact on health. Speeding up the procurement of medical supplies, transporting them to the service delivery points, ensuring fast customs clearance of imported medicines, and mobilizing more health care workers all present opportunities for corruption.

In poorer developing countries and fragile situations, economic shutdowns can cause some people to lose their income sources; It can also directly affect food supply and availability. Government actions that provide vital support to the poor, such as cash transfers to individuals, food purchases and distributions, and support for faltering formal and informal private sector Facilities, are also at risk of corruption. The adoption of exceptional powers by governments in emergencies to confront the health crisis and maintain public safety is also a matter of grave concern. The strict rules of quarantine, isolation, curfew, and ban on economic activity in many countries mobilize police and other authorities to ensure enforcement. This provides opportunities for law

enforcement officials to seek profit. In addition, the adoption of exceptional, unrestricted powers in emergencies and the use of surveillance technology. It risks undermining mutual oversight between authorities, weakening the power and independence of accountability institutions, and reducing the space for civil society participation.

Recognizing the risks is the first and easiest step. However, finding an approach to dealing with those risks without impeding the government's response is more difficult, even if possible.

Given the unprecedented nature of the crisis and the need for cooperation between agencies and governments, audit mechanisms can be at risk. This problem can be resolved by specifying each relevant legislation or executive order specifies the entities that will be responsible for auditing. Similarly, some degree of subsequent accountability can be ensured by putting in place clear procedures and protocols for documenting emergency expenditure items, including procurement, receipt of goods and supplies, and tracking of delivery, including central and decentralized authorities.

There is no justification for poor transparency. In fact, we need more transparency. Governments can build trust by establishing rules on how to disseminate information on emergency expenditure items and specify publishing places, and adhering to those rules without hesitation or negligence. Governments must disclose to the public all grants, purchases, or emergency financial assistance within a few days after its

disbursement and/or use. There is a need for clear rules regarding eligibility to benefit from such assistance to reduce the risk of corruption that negatively affects the distribution of financial support directed to help distressed companies and individuals.

The quick that led to fewer safety instruments to prevent corruption initially applied, the process of monitoring and obtaining feedback should be faster. Reducing feedback timing by increasing the frequency of audits and reviews of expenditure items would help achieve this.

There is a need for mechanisms to address grievances and complaints. To ensure that communities and program beneficiaries know what to do when they do not receive their expected payments. To address the abuse or overuse of exceptional powers, it is important to determine in advance the scope and duration of those powers.

In addition to all these precautions, close follow-up and communication are required to ensure accountability and maintain trust. It is necessary to stop the application of the temporary provisions, which are adopted under the pretext of speed, in emergencies.

It is also necessary to continue focusing on the broader agenda for anti-corruption. The response to the COVID-19 pandemic is most probably to increase the risks of corruption and practices that contribute to illicit financial flows. It may also lead to the emergence of new risks as a result of theft and diversion of funding away from its intended purpose.

These include the use of shell companies and other anonymous structures registered in tax sanctuaries to secure government contracts and obtain loans or subsidies, to name a few. Policy precautions that countries are taking to address these risks, such as transparency of beneficial ownership and enforcement of anti-money laundering standards in the financial sector, are gaining more importance in the fight against the COVID-19 pandemic.

Last but not least, corruption is just one of the challenges facing overburdened public sectors already. Although these risks seem very huge, they are not insurmountable, and their effects can be reduced if determination and the will are available.

Topic Six: The main challenges facing the activities of the audited institutions

The most important message that institutions and supreme audit institutions must adopt is that the priority of preserving people's lives must not forget the obligations related to transparency, integrity, and accountability. This was adopted by the results of the ACCA report when it identified the main challenges facing the activity and objectives of public procurement in general during the COVID-19 pandemic. It is to maintain guarantees of transparency and work to combat bribery and corruption even under the most difficult circumstances.

Increasing transparency in the supplier selection process in government bids should be a key government objective after the COVID-19 pandemic. Transparency in dealing with the public should be the goal of all government procurement types.

Reducing bribery and corruption is not only important for maintaining trust between the government and citizens. It is also a financial necessity. Because it increases the cost of contracts and procurement, erodes trust between the public and private sectors, and ensures value for money.

Especially during the pandemic period, there were widespread incidents of fraud and corruption in government procurement and loss of confidence among the buyer from the public sector, the supplier from the private sector, and the taxpayer.

Therefore, the Supreme Audit Institutions should ensure the practical steps that governments can take to prevent the problem from worsening and better prepare for future crises.

1. Verify when emergency measures should be used. If they are used, verify that all aspects of the process are documented, so that a rapid audit can be conducted to help detect and prevent cases of corruption and mismanagement as they occur.
2. Verify governments' orientation towards centralization of procurement and follow a clear and specific audit trail that allows for better monitoring of public spending.

3. Verify that all government activities are transparent, and their data is available to professionals and auditors as soon as they occur, to reduce losses resulting from inefficiency and corruption.
4. Marking elements relevant to the Covid-19 pandemic will help auditors focus when conducting audits. Special databases can also be created to make comparisons, especially between prices, to prevent manipulation.
5. Reducing fraud and corruption cases will result in maintaining the confidentiality of both private sector partners and taxpayers.

Lessons learned from the COVID-19 pandemic are in the need to act quickly while addressing the inevitable challenges of post-crisis public sector financing. As finding financial resources will be essential to recovery after the COVID-19 pandemic. This is provided by the processes of confronting fraud and corruption and ensuring the availability of trust factors in state agencies, especially the supreme financial and accounting audit institutions. As they have to spend a lot of money to save the lives of citizens. (The government sector's battle against COVID-19 and corruption in procurement, 2021).

Chapter Two: Accounting and auditing standards and their impact on the COVID-19 pandemic crisis

Topic One: The impact of the use of accounting and auditing standards during the Covid-19 crisis

One of the real reasons for establishing crises during the Covid-19 pandemic is the erroneous practices of using international accounting standards, especially those aimed at manipulating profits and inflating assets. These standards were a loophole that was badly exploited by departments. Thus, limiting the role of accounting to reflecting the reality of practices Economic organizations, institutions, and banks without properly adhering to accounting standards and showing credibility and transparency in the financial statements. As the standards have proven they suffer from defects that must be changed to improve the level of integrity and transparency in the markets. Where the process of issuing these standards should not depend on the American accounting standards as a basis and the currently approved standards should be reviewed with new standards, to arrive at the preparation of financial statements with high transparency, along with the issuance of instructions that help apply the standards.

The world today has begun to convince of the necessity of having global accounting standards in order to avoid financial crises similar to the Covid-19 pandemic crises, and that the

procedures to avoid crises in the future include reforming the financial control system, changing accounting and auditing standards, and improving the level of integrity and transparency in the markets.

The reason for the current financial collapse due to the Covid-19 pandemic crisis requires a review of the currently recognized accounting and auditing standards and reaching global standards that help in achieving transparency and justice. What are applied worldwide are the International Financial Reporting Standards (IFRS) and the United States Accounting Standards. Moreover, some countries adopt national standards derived from international and US accounting standards. The disparity in the use of standards applied in international companies makes it difficult to draw comparisons for investment decision-makers, especially financial institutions (financiers).

With the rapid spread of globalization, there is an increasing need to find a meeting point between the local standards, applied in the preparation of financial reports, and the international accounting standards. Many countries have tended to achieve accounting compatibility between local and international standards but at different levels.

The reasons for the collapse of companies and institutions are due to their management's lack of proper exercise of audit and supervision, lack of experience and skill, imbalance of financing structures, random disbursement, lack of transparency, and lack of interest in applying accounting

principles that depend on disclosure in showing accounting information about the financial conditions of companies and economic institutions. which leads to their inability to generate sufficient cash flows to pay the obligations owed by them, thus reaching a state of collapse. The arrival of these economic companies and units to collapse is due to the failure to apply the principles of governance, which focus on accounting principles, disclosure, transparency, and showing data and real information about the financial conditions of the economic units.

It can be said that accounting and auditing standards are not the main reason for the emergence of crises. As they helped to show the real data without contributing to it. However, the attempt to hide transparency by not using standards correctly contributed to delaying the emergence of losses and not preventing them. Standards played A key role in showing this crisis and revealing its reality to the world. It also contributed to showing the previous financial crisis in 2008 and that the crisis accompanying the Covid-19 pandemic occurred due to the failure of departments to deal with working conditions in light of the laws and decisions issued by the supreme committee for the crisis not as a result of applying accounting and auditing standards. Therefore, there is a need to continue applying accounting and auditing standards while finding a universal character for them. Accordingly, the first hypothesis is rejected, and the second hypothesis is accepted that

accounting standards are innocent of this arbitrarily charge against them.

Topic Two: Focus areas in a changing audit environment due to the COVID-19 pandemic

The global evolutions related to the COVID-19 pandemic have affected the auditor's work. As factors of uncertainty and unpredictability may create risks related to substantial distortion of the financial statements due to emerging circumstances. The auditors may not have considered these risks when planning the audit, or they may have considered those risks differently.

The auditees are adapting to changes in the environment related to their work and business, including financial reporting, disclosure processes, and their ability to maintain their business for the future.

On the other hand, auditors must modify the way they obtain sufficient appropriate audit evidence on which the auditor's opinion is based during challenges. It relates to accessing people or information, modifying the assessment and diagnosis of risks related to distortion of substantial statements, and modifying planned audit procedures, or implementing alternative audit procedures as needed. Auditors may also find that current conditions bring opportunities to do work differently. For example, doing work using new technologies or using existing technology differently.

Finally, Other changes in the business environment and financial reporting processes may affect the audit processes. Such as changes in applicable financial reporting standards, changes in laws, regulations, or new processes of the auditees when receiving benefits.

Changes in auditors' worksites and the way they work may require organizations to respond to a changing environment. For example, by re-examining quality audit policies and procedures related to directing, supervising, and reviewing of audit teams. As for the level of the audit task, the auditor must have a high level of awareness of the possibility of fraud or error, including fraud in the preparation of financial reports, bearing in mind the importance of practicing professional skepticism when performing the audit.

The following are the most relevant standards and issues to consider in a changing business environment such as the COVID-19 pandemic.

Related standards	Issues to be considered
Diagnosis and assessment risks related to the materialist distortion of data ISA no. 315 (amended)	<ul style="list-style-type: none"> • The impact of the new or adjusted risks emerged due to the COVID-19 pandemic on the planned audit process. • The possibility of reviewing the risk assessments that

	<p>The impact of changes on the auditor’s understanding of the internal audit system for auditees, including:</p> <ul style="list-style-type: none"> • Audit environment. • Changes in reliance on controls’ plans to
<p>Respond to assessed risks ISA no. 330</p>	<p>Required changes to the planned response and nascent from the impact of environmental development, such as the ability to obtain appropriate audit evidence. (For example, there may be a problem in reaching the data, or it may not be possible to</p> <p>Increase the focus on:</p> <ul style="list-style-type: none"> • Closing accounts procedures (in particular, daily restrictions and settlements) and preparing financial statements. • The auditor's assessment of the purpose of the financial statements, including consideration of whether the necessary financial disclosures were presented.

<p>Auditing the accounting estimates ISA no. 450 (amended)</p>	<p>Increase the focus on:</p> <ul style="list-style-type: none"> • Changes in the regulatory factors that may affect the accounting estimates. (For example, the initiatives that aimed to find sustainable solutions for stumbled civilians by the pandemic) • Whether the assumptions are appropriate in the circumstances and the context of the relevant financial reporting framework. (For example, cash flow projections, discount rates, etc.)
<p>The auditor’s responsibility toward the subsequent events ISA no. 560</p>	<p>It should be considered that changing the reports’ deadlines leads to an increase in the period of events (and therefore related risks) that fall between the date of preparing the financial statements</p> <p>Identify any following substantial events related to the COVID-19 pandemic. Whether it has been appropriately handled or disclosed in the financial</p>
<p>The auditor’s responsibility toward the principal of project continuity ISA no. 570 (amended)</p>	<p>The impact of the COVID-19 pandemic (as if it has a financial effect or is expected to) on the auditor’s evaluation of</p>

	Reconsider the suitability of the enterprise's use of the project continuity principle as a basis for preparing the financial statements, or subsequent
Group audit (Audit teamwork) ISA no. 600	If applicable, reassessment of the planned procedures for the group audit in relation to the auditors' work within the audit team (or participate) on work appropriately within the audit team, as if there is a need to consider alternative measures, and their impact on the adequacy and appropriateness of
Opinion formation and report preparation on the financial statement (including key audit topics) ISA no. 700 (amended) ISA no. 701	Focus on the topics that lead to conclusions, including the focus on whether all key aspects of the audit have been appropriately addressed, such as: <ul style="list-style-type: none"> • Fields that may require management to provide more evidence due to the rapidly changing nature of these topics. • The emergence of new uncertainties situations due to the Covid-19 pandemic. For example, making appropriate adjustments to identify the increase in uncertainties situations in calculating accounting estimates. (including

	When appropriate, the auditor's report should include the new key audit topics. (For example, matters that reach a level that requires great attention from the
Other information ISA no. 720 (amended)	Any inflect among the information submitted by the auditee in its annual report and financial statements on the impact of developments implemented from

Topic Three: Subsequent events during developments in the current work environment - considerations for auditing the effects of the COVID-19 pandemic

The uncertainty arising from the COVID-19 pandemic, includes the possibility of procurement of unplanned events at any time, the uncertainty of how long current conditions may take under the pandemic, and the potential changes to schedules that may affect the audit fields at the end of each financial period. Therefore, auditors should focus on the events that occur between the date of the financial statements and the date of the audit report (which are subsequent events) and the impact (if any) of this on the financial statements of the auditee.

What are subsequent events and how should they be presented in the financial statements?

ISA no. 560 defines subsequent events and the auditor's responsibilities in relation to subsequent events.

In general, there are two types of subsequent events:

- Those that provide evidence of conditions that emerged after the date of the financial statements.

Events that occur after the date of the financial statements are considered subsequent events. According to accounting standard no. (10) (events after the reporting period), it details how to handle events that occur between the date of the financial statements and the date approved the financial statement for issuance.

Management is responsible for adjusting and other disclosures related to subsequent events in the financial statements, as appropriate in accordance with the applicable financial reporting framework. The resulting treatments in the financial statements are explained in ISA no. (10).

Type of subsequent events	Recognition and Impact
Adjustable events	<p>The events that provide evidence of the circumstances that occur at the end of the reporting period (which is the date of the financial statement).</p> <p>The impact: amending the</p>
Non-adjustable events	<p>The events that signify the circumstances that occur after the reporting period (which is the date of the financial statement).</p> <p>The impact: disclosure of the nature of the event and estimate</p>

Considerations to be made when evaluating events after the date of the financial statements:

By adhering to the applicable financial reporting framework. Management practices its judgment in determining the impact of the financial statements with any subsequent events related to the COVID-19 pandemic, by considering the date of the financial statements, facts and circumstances relating to the institution, and the circumstances that prevailed at that date or emerged later.

There are many considerations with developments related to the outbreak of the pandemic. Determining whether subsequent events related to the conditions that existed or became existed at the date of the financial statements or occurred after the date of preparing the financial statements requires an accurate assessment of the situation.

There are bulletins issued by the International Federation of Accountants (IFAC) titled: The implications of financial reporting during the COVID-19 pandemic.

- **What are the auditor's responsibilities in relation to obtaining sufficient and appropriate audit evidence about subsequent events affected by the COVID-19 pandemic?**

Implement procedures to obtain sufficient and appropriate audit evidence. To verify that all events require adjustment of the financial statements and audit report have been appropriately identified and included in the financial

statements in accordance with the applicable financial reporting framework.

In performing work that responds to the auditor's assessment of risks related to subsequent events, including causes related to the impact of the COVID-19 pandemic, the auditor considers management's adjustments or disclosures, including the intervals used to distinguish between adjustable and non-adjustable events.

Measuring and recognizing account balances and operations in the financial statements (if adjustable) or any other specific disclosures (if not adjustable).

- **Implementation of procedures up to the date of the audit report:**

In some jurisdictions, the period for submitting audit reports has been extended. In this case, the auditor may have completed the audit on subsequent events within the period specified for submission of the audit report in the initial work plan. In such cases, the auditors will be required to take action to cover the additional period that has been granted to submit financial reports. It is important that audit evidence related to subsequent events covers the entire period up to the date of the audit report.

Examples of events and conditions that may be relevant to a changing work environment during the COVID-19 pandemic.

Events or conditions that may be affected by or emerge as a result of the COVID-19 pandemic. It may be relevant in the auditor's decision to determine whether subsequent events

have occurred or not. If they have occurred, are they appropriately reflected in the financial statements?

1. New obligations, borrowings, or guarantees entered as a result of the pandemic.
2. Recent or planned sales, or asset acquisitions as a result of the pandemic.
3. Increasing share capital or issuing debt instruments, such as issuing new shares, bonds, or executed or planned mergers or liquidation agreements.
4. The probability of fulfillment of the performance entitlement conditions under share-based payment arrangements, and the accounting procedures and adjustments or settlements relating to such arrangement.
5. Relief payments or economic stimulus provided by the government in the form of loans or grants.
6. Any developments related to contingency conditions (e.g., new contingent liabilities or circumstances affecting the assessment of existing contingent liabilities, ability to meet agreed performance objectives for contingent considerations in business combination arrangements, etc.).
7. Any unusual accounting adjustments that have been made or are planned to be made, such as additional or modified close entries, or events that require recording unusual journal entries.

8. Any events that raise questions about the appropriateness of accounting policies used in preparing the financial statements (For example, events that suspicious the validity of the continuity concern assumption).
9. Any events related to the estimates or provisions contained in the financial statements. Examples of this: financial derivatives and hedging considerations (as when the odds of forecasting are slim), insurance claims (as whether receivables are certain due to business interruption and/or other insurance and potential disclosure of contingent assets), discount arrangements from debts with customers or suppliers, variable considerations, commissions payable, etc.)
10. Any events related to asset retrieval.
11. Modification of existing contractual arrangements (such as reducing or deferring rent payments made by the lessor to the lessee, modifying the terms of the debt, etc.)
12. Tax considerations (such as the impact of reduced flow of goods and services on transfer pricing agreements; retrievability of deferred tax assets).
13. End-of-service benefits for employees resulted from workforce reduction (such as closing or reorganizing operations that occurred after the reporting date).

Practicing professional skepticism

The determination and management of subsequent events that are modifiable or changeable as appropriate are likely to be more difficult by the impact of the COVID-19 pandemic. On the other hand, there may be a need for the auditor to design and implement improved and additional procedures.

It is likely that the uncertainty and challenges associated with the Covid-19 pandemic, taking into account the facts and circumstances of the facility, will lead management to make important administrative judgments, and these in turn require the auditor to practice professional skepticism in doing the work related to subsequent events. The application of professional skepticism in this way means asking questions and considering the adequacy and appropriateness of audit evidence that all subsequent fundamental events (which require the financial statements to be amended or disclosed) have been identified and appropriately included in the financial statements during those circumstances.

Written declarations

ISA no. 560, paragraph 9, requires the auditor to request a written declaration that all events that occurred after the date of the financial statements, which the applicable financial reporting framework requires modification or disclosure, have been modified or disclosed.

Written declarations should be dated as close as possible to the date of the audit report, but not after that date. The COVID-19 pandemic may have delayed the approval of the financial statements (as noted earlier, some jurisdictions have

allowed additional time or an extension of the financial reporting period). In such cases, it is important that the written declarations cover the additional period up to the date of the auditor's report, or as soon as possible, and include any additional changes to be incorporated.

Also, if the management has done its job of identifying and accounting for subsequent adjustable or non-adjustable events for a period ending before the extension period, the auditor may request management to take into account any changes that occurred during the extension period.

The importance of communicating with governance stakeholders

The COVID-19 pandemic has caused many challenges and complexities regarding the preparation of financial statements. As well as the responsibilities of governance stakeholders, especially those related to the preparation of financial statements and other governance-related processes, have increased. For example, those charged with governance may need to ensure that the entity adapts controls on the reliability of financial reporting, the effectiveness and efficiency of operations, and compliance with applicable laws and regulations.

Continuous and regular communication between the auditor and those charged with governance, especially during the period preceding the preparation of the financial statements, may help the auditor in understanding the changes that are being made to respond to developments in the business

environment and evaluating the actions they need to take to facilitate obtaining sufficient and appropriate evidence.

Are there audit procedures required if the events related to the COVID-19 pandemic become known to the auditor after the date of the audit report?

The auditor is not obligated to perform audit procedures in relation to the financial statements after the date of the audit report (either before or after the issuance date of the financial statements), unless the facts become known to the auditor at the date of the audit report. This may cause the auditor to modify his report.

For example, if significant events related to the COVID-19 pandemic become known to the auditor after the reporting date, it may result in a modification of the audit report and additional actions may be required.

ISA no. 560, paragraphs 10 to 17, addresses the auditor's responsibilities when the facts become known to the auditor after the date of the audit report.

How do the results of the auditor's procedures affect subsequent events on the audit report?

If the auditor determines, based on the results of the audit procedures performed, that the financial statements are substantially misstated, or that he is unable to obtain sufficient and appropriate audit evidence to determine whether the financial statements are substantially misstated or not, this requires the auditor to amend his opinion in the

audit report in accordance with International Auditing Standard No. (705 as amended).

If the auditor can obtain sufficient and appropriate audit evidence about subsequent events as required by IAS no. 560, it may be possible to consider, or not, that it is appropriate to identify the subsequent event by including a paragraph focusing on the subject or a paragraph related to another topic, in accordance with International Auditing Standard No. (706).

Topic Four: The inconsistency between the information provided by the auditee in its annual report and its financial statements on the impact of developments arising from the COVID-19 pandemic

When conducting any audits, the new facts must be taken into account in the methodologies adopted by governments on balance sheets and financial reports, and thus take into account the following:

The balance sheet methodology during the COVID-19 pandemic, which supreme audit institutions must consider during their missions

The balance sheet is a way to present the financial policy from the government's point of view. It differs in form and content from those prepared by private sector companies. However, each government has financial statements that can be used to form a particular process to prepare the balance sheet for the government agencies.

The degree that a country can reach in using the balance sheet method to present financial statements depends largely on the applicable accounting system and the resulting financial reports. In addition, it depends on directing the main decision-makers to use the information resulting from financial statements in response to the Covid-19 pandemic.

Financial reports prepared on a cash basis provide a presentation of the immediate effects of the pandemic, represented by a decrease in revenues and an increase in spending. As a result, there will be an increase in the deficit and the net general debt. Many governments still follow the cash basis of accounting, which effectively serves the (control) purposes of financial affairs during the COVID-19 pandemic.

As for countries whose laws and regulations allow following the accrual basis in financial reports, notes should be placed on the accounts within certain limits. For example, debt balances, the cumulative balance of capital investments over the years, and the attachment of additional data on off-budget items. To a certain extent, all countries that use the cash basis in accounting can also present their financial policies based on the information given by their financial reports and information supported by other sources.

Considering the emergency all countries are going through, governments must use the financial information and financial reports available to make their decisions, even if the information and reports are prepared on a cash basis. Within this context, it is not important whether governments use the

cash basis or the accrual basis as long as their financial information is reliable and available right on time.

For a more comprehensive overview of the impact of the COVID-19 pandemic and the government's response readiness, financial statements prepared on an accrual basis are most useful.

It includes the balance sheet that provides a comprehensive overview of assets and liabilities. Accompanied by related disclosures such as eligibility analysis of financial assets and liabilities, and information about potential liabilities and unused credit facilities from the perspective of using benchmarks and international best practices. Bearing in mind that governments must continue to move towards implementing accrual accounting systems in accordance with International Public Sector Accounting Standards (IPSAS) or an equivalent framework.

Timing to present the financial statements and interim financial reports

When policymakers need to take immediate action because of the COVID-19 pandemic, they need to be fully aware of the country's financial position. In the absence of recent financial data, policymakers should continue to rely on daily monetary financial statements and other reports from the Management Information Systems. They may not have a comprehensive picture of financial conditions, financial performance, and financial position to assess the government's ability to respond to the crisis. For such data to be useful to

policymakers, it must be available within a reasonable time after the end of the fiscal year. Where the degree of benefit decreases if it is not available within the time frame stipulated in the legal and regulatory framework of the government (usually from 3 to 6 months from the end of the fiscal year).

In usual times, the audited financial statements for the previous year should arrive in time to be taken into account when deciding on the budget for the next fiscal year. In such unusual times, up-to-date financial information is even more important to provide a comprehensive picture of a government's financial position. The financial statements must cover the government and its affiliated entities. This makes the timely budget preparation process more difficult because it requires the availability of audited financial statements for all the main entities affiliated with the central government.

In addition, given the rapidly changing nature of the COVID-19 pandemic, and the large number of financial measures being taken, it is more important than ever to have access to the latest financial information for governments to make timely decisions.

A partial (interim) financial report is a complete report or a focused set of financial reports for a period shorter than the entity's full fiscal year (For example, quarterly, monthly, weekly, or even daily). However, governments may face challenges in preparing such reports because using distance working intensively in the absence of prior investment in

appropriate technology. These matters should be taken into consideration and dealt with if possible.

Regardless of whether the financial statements are annual or interim, discussing and analyzing them is critical to analyze and explain the material elements, explain differences, and make comparisons. Also, commenting on financial reports is an opportunity to make the financial statements more understandable to users, by explaining large numbers and substantial changes due to the COVID-19 pandemic. It is useful to produce accessible summary reports with some explanations and notes within the financial statements, which helps the financial reports' users to understand them.

Reporting on long-term financial sustainability

Reporting long-term financial sustainability information may be a useful tool in analyzing the financial risks of the financial performance and position of a government entity. This type of reporting is particularly important due to the impact of the far-reaching measures governments have taken to reduce the economic impact of the pandemic. These reports may be drawn from or attached to government financial reports, which may be a valuable source of information needed by stakeholders.

Continuity

Following the impacts of the COVID-19 pandemic, and due to its unprecedented nature, some government entities may need to make a more robust assessment of their ability to continue as a going concern and whether it is appropriate to

report their financial statements using the continuity assumption. Uncertainty about continuity may be a reality for some government entities but not for the whole government, due to its sovereign power to taxation. The financial statements should be prepared on a continuity basis unless there is an intention to liquidate the entity or to cease the work. Financial disclosures must also indicate the material uncertainties that may affect the ability of the government entity to continue.

Topic Five: The impact of the COVID-19 pandemic on government financial reports

The financial impact of the pandemic on government financial performance, financial position, and cash flows is expected to be far-reaching. The most important main accounts that will be affected greatly by the pandemic can be determined through perceptions of the current trends of government policies and procedures.

It can be said that there is a decrease in revenues and an increase in transfers from other government agencies because of tax exemptions, production and export difficulties, and collection difficulties. In addition, there is an increase in expenditures due to the increase in government spending, especially on public health, subsidies, unemployment, social security, grants, relief packages, and lending to institutions to face the consequences of the pandemic. Moreover, it is not expected to increase spending on the interests of the public

debt. However, in governments with a low credit rating, interest rates will rise, especially when renewing loans and difficulties in obtaining new loans. As a result, we will notice an increase in the deficit because of the financial performance imbalance between revenues and expenses. Also, we will find a decrease in the value of the assets due to the pandemic, and therefore governments should determine the amount of the loss and reduce the book value accordingly.

Most important of all is the increasing public debt because of declining revenues and increasing spending. Thus, the ratio of public debt to GDP is increasing in many countries. The disclosure should show the risks related to public debt, such as the types of foreign currencies, the maturity dates, and the interest rate fixing period.

As for the allocations, the pandemic may require additional allocations from the government balance sheet. It should be reviewed and adjusted to reflect changes considering recent developments related to the epidemic. Only confirmed commitments are included in liabilities while planned future expenditures are not recognized. End-of-service benefits are recognized as liabilities and recorded in expenses upon the termination of employees' services. As a result, pension liabilities will rise, and central banks will keep interest rates low, thus lower discount rates, which means an increase in the actuarial valuation of pension benefits.

Updating the actuarial valuation during recent developments may highlight sustainability issues. Thus, extensive disclosure

of the financial risks inherent in pension arrangements that may materialize due to the pandemic is required.

The imbalance will be through an increase in the liabilities in the list of the financial position (public debt - pension obligations - provisions) while the value of some assets will decrease, so the ratio of net assets/equity will decrease.

As for the decrease in cash flows from operating activities due to the decrease in tax receipts and the increase in expenses.

The increase in cash outflows is due to government lending to owned companies, small units, and compensation for losses. It is offset by savings in capital expenses related to infrastructure and fixed asset expenses. Or it may be offset through the sale of some assets.

As for financing activities, inflows of large amounts will appear because of increased borrowing.

All these matters must be considered when developing audit plans, carrying out tasks, and submitting reports. So that the Supreme Audit Institutions can keep up with the changes taking place during the Covid-19 pandemic.

Results & Recommendations

Results

1. At first, there is no connection between the application of accounting and auditing standards and the emergence of global financial crises, especially the crisis accompanying the Covid-19 pandemic.
2. The main cause of the current global economic crisis is the COVID-19 pandemic.
3. The efficiency of the management of the governmental crisis committee is one of the reasons for the continuation of the work of many economic institutions and organizations, and vice versa was the reason for many bankruptcies.
4. The ineffectiveness of the Supreme Audit Institutions will inevitably lead to an unraveling of the economic situation.
5. There are positive results of the crises accompanying the Covid-19 pandemic, which were reflected in the fields of accounting and financial control, including those related to the emergence of new accounting and auditing standards, and the development of existing standards.
6. The occurrence of economic crises accompanying the Covid-19 pandemic forced governments to intervene in economic, social, and health activities ... etc.)

7. The crises accompanying the Covid-19 pandemic affected growth rates, raised inflation rates, and spread unemployment, poverty, and corruption in various countries of the world.
8. The current crisis of the Covid-19 pandemic has led to the development of the accounting and audit work system, reliance on new technologies, and accounting and auditing standards for the better. This will help it to overcome future crises.
9. The crises accompanying the Covid-19 pandemic caused a clear upheaval in the balance of global power and proved that economic systems need a continuous and comprehensive review in terms of constants, foundations, principles, and fundamentals.
10. The unipolar theory is no longer valid in times of crises accompanying the Covid-19 pandemic.
11. The emergence of economic crises and corruption accompanying the Covid-19 pandemic raised many questions about accounting and auditing. Thus reconsideration of international accounting standards and approved auditing standards.

Recommendations

1. Exposure to economic crises due to the Covid-19 pandemic requires continuous and permanent change of some accounting and auditing standards while showing new standards that are commensurate with the emerging situations that meet the purposes

assigned to them. This leads to reducing cases of manipulation and fraud and limiting its spread to protect the interests of investors and the interests of countries to achieve economic and social well-being stability.

2. Measures to avoid crises associated with the Covid-19 pandemic require reforming the supervisory system of the Supreme Audit Institutions, changing standards, and improving the level of integrity, transparency, and disclosure.
3. Benefiting from the experiences of countries that have been exposed to the Covid-19 pandemic and overcame the difficulties they faced, to draw results and benefit from them in overcoming local difficulties.
4. Holding periodic meetings of the Supreme Audit Institutions at the level of the Arab world to discuss the current developments and review the most prominent challenges facing these institutions with a discussion of various means to develop the work of the Supreme Audit Institutions and improve the audit profession and its employees while enhancing cooperation between institutions to achieve the desired financial control.
5. Increasing interest in training and qualifying human cadres and developing audit methods, especially those that depend on computer technologies, distance working, exchange of professional experiences, and

coordination with global and regional professional organizations.

6. Adopting local accounting and auditing standards derived from international accounting and auditing standards and constantly amending them to keep pace with all changes and developments.
7. The need for the auditee's institutions to be transparent in issuing and disclosing financial statements.
8. Working to find radical solutions to get rid of the work and audit difficulties accompanying the Covid-19 pandemic, and not rely entirely on the procedures of the national rescue committee's plans only.
9. Monitoring programs to control unemployment rates and poverty problems accompanying with the Covid-19 pandemic, and support humanitarian aid programs for those affected, with the need to adopt integrity, transparency, disclosure, and accountability when implementing these programs.
10. The necessity for the supreme audit institutions to play an active role in monitoring preventive measures to avoid the financial crises accompanying the Covid-19 pandemic, and to monitor the design and implementation of financial rescue plans and other measures taken by the national rescue committee.
11. Strengthening audit of public debt management based on relevant INTOSAI standards and leading practices in this field, encouraging full and periodic disclosure of

public debt balances, guarantees and contingent obligations, and adopting best practices in managing associated risks.

12. Strengthening cooperation among Supreme Audit Institutions to exchange knowledge, experiences, and information to verify the extent of orderliness and legitimacy of measures taken to confront the financial crises of the COVID-19 pandemic and issues related to risk management.
13. Paying attention to issues of governance in financial institutions and the legislative frameworks that regulate them by focusing on the transparency and adequacy of audit work and ensuring accountability. As long as what may be required for additional legislative frameworks regarding the competencies and responsibilities of agencies in this regard.
14. Supporting the development of early warning mechanisms to predict the occurrence of future financial crises related to the emergence of new strains of the Covid-19 pandemic. To identify financial risks at the national and international levels using studies conducted by global economic organizations and institutions, such as the International Monetary Fund and the Financial Stability Board in this area.
15. Encouraging the establishment of risk management units in the entities covered by the audit whose

activities require the presence of such units and strengthening the internal control systems therein.

16. Continuing to develop the professional and organizational capabilities of the Supreme Audit Institutions by adopting INTOSAI standards and leading practices in monitoring and evaluating financial performance, strengthening governance, and seeking assistance from specialized external experts in this field when required.
17. Appealing to INTOSAI to consider the need to set standards and practical guidelines to monitor the financial rescue plans taken by the National Rescue Committee.
18. The growth and development taking place in the world of communications, transportation, and electronic technologies, which had a great and significant impact on skipping many obstacles to ensure the continuation of economic activities during the Covid-19 pandemic. On the other hand, it led to the emergence of new accounting and auditing problems and obstacles that were not familiar in the past or whose impact was not as clear as it is now.

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صدر للمؤلف

- (١) دور الأجهزة العليا للرقابة المالية والمحاسبية في تطوير النظام المحاسبي للدولة
- (٢) دور ديوان المحاسبة في تعزيز الحوكمة الوطنية الرشيدة في الجهات الخاضعة لرقابته
- (٣) استخدام الذكاء الاصطناعي في مجال المحاسبة والتدقيق بالجهات المشمولة بالرقابة

[رابط المؤلفات : https://kantakji.com/tag/mohd-ahmad/](https://kantakji.com/tag/mohd-ahmad/)

Supreme Audit Institutions

Lessons learned from facing the COVID-19 crisis

In light of crises, the role of the Supreme Financial and Accounting Audit Institutions is gaining importance, as the stage requires the availability of appropriate financial data and reports at the right time for the authorities responsible for using the capabilities of the state.

These institutions were closer to an accurate picture of the case of the bodies subject to their audit during the crisis of the Covid-19 pandemic. Although the periodic and final reports issued by the bodies subject to their oversight were ideal and reassuring when read, they often do not reflect the reality in which they live. Therefore, there was a mutual responsibility on the part of each of the institutions and organizations responsible for issuing accounting and auditing standards and developing the actual practice of higher control devices. This research is in the process of extracting lessons learned by facing the Covid-19 pandemic to improve the leading role of the Supreme Financial and Accounting Audit Institutions, especially since the problem is global, not local, and the speed of response and flexibility in dealing with decisions and laws issued by governments and the transparency and speed required in the issuance of reports and assessment of risks and dealing with them and developing the leading roles that these agencies are supposed to play to limit the spread of corruption in such circumstances, maintain the economy and increase its immunity, preserve the privileges enjoyed by citizens in addition to the exceptional services required by the stage while limiting losses that affect the economy and investors, and the global choices of many countries of the world in the way to confront this crisis and their relationship to the nature of the capitalist, socialist or totalitarian system, as well as the destinations of solutions proposed by the new economic schools (such as the modern classical school), which have been adopted by the West since the beginning of the Covid-19 crisis, and the Chinese and Scandinavian schools.

In addition to the pioneering role played by organizations and institutions responsible for amending accounting and auditing standards to reduce the effects of the COVID-19 pandemic crisis. It benefited from the events that preceded it and prepared a set of amendments to the accounting and auditing standards to meet similar cases.