

MINUTES OF MEETING

The 5th Meeting of the 13th ASOSAI Research Project

Virtual via Zoom | Thursday, 14 March 2024

The 5th meeting of the 13th ASOSAI Research Project was carried out virtually on Thursday, 14 March 2024 at 13.00 UTC+7. The Audit Board of the Republic of Indonesia (SAI Indonesia) hosted the meeting as the Project Lead and Secretariat. All member SAIs joined the virtual meeting (SAI Australia, Brunei Darussalam, China, India, Indonesia, Jordan, Kuwait, Lao PDR, Malaysia, Maldives, Nepal, Palestine, Philippines, Sri Lanka, Thailand, Turkiye, Vietnam). Moreover, three observers from ARABOSAI (SAI Egypt, Morocco, and Tunisia) also joined the meeting.

A. Welcoming Remarks

1. On behalf of SAI Indonesia, Secretary General Mr. Bahtiar Arif welcomed all participants of the 5th meeting of the 13th ASOSAI Research Project as well as thanked them for the continuous commitment in the project.
2. He recalled the journey of the project where COVID-19 had brought ideas of collaboration of sharing ideas, knowledge, and observation in conducting remote audit.
3. He reminded the participants that the result of the research project should get approval in early August 2024. Therefore, considering the tight schedule the project had, he asked for effective teamwork and a strong collaboration to meet the target timely.
4. He explained that this meeting would primarily focus on Chapter 4 which had been prepared by SAI Jordan. Moreover, there will be other next meetings planned before the completion of the research project.
5. Last, he hoped for a productive meeting so that this project would produce an exceptional research paper on remote auditing.

B. Keynote Speech

1. This session was presented by Mr. B. Dwita Pradana, Director General of Planning, Evaluation, and State Financial Audit Policy Analysis of SAI Indonesia.
2. He greeted all participants of the 5th meeting of the 13th ASOSAI Research Project and acknowledged them for their exceptional and extraordinary dedication in the research project.
3. He reiterated the journey that had been navigated through the project, starting from the development of chapter 1 in September 2022 to development of chapter 4 in 2024. Besides, he also reminded the crucial tasks awaiting for completion in 2024, i.e. the development of chapter 5 and 6.



4. He emphasized the importance of remote audit to respond VUCA world. In addition, he also stated that the result of the research project would serve as a cornerstone for auditing practices as well as provide valuable insight into the evolving landscape of digital systems and their implications for audit methodologies, including the development of the relevant audit guidelines.
5. He ended his presentation by expressing his expectation of active participation from all participants so that the meeting would be beneficial and the inputs obtained were essential to achieve the collective goals of the meeting.

C. Progress Report on the 13th ASOSAI Research Project and Result of Chapter 4 Survey

1. Presenter

This session was presented by Ms. Selvia Vivi Devianti, Director of Audit Policy Analysis, SAI Indonesia.

2. Timeline

This research project has been running since 2022. There have been so many activities carried out during 2022 – 2024. In 2024, there will be some important milestones since the final result of the project should be presented in ASOSAI Assembly that will be carried out in September 2024.

3. Result of the survey

28 SAIs responded the surveys, i.e.: 13 SAIs of project members and 15 SAIs of non-project members (SAI Bahrain, Japan, Egypt, Mauritius, Korea, Azerbaijan, Cyprus, Myanmar, Afghanistan, Iraq, Armenia, Oman, Republic of Tajikistan, dan Kyrgyz Republic).

4. Interesting findings

The survey revealed some interesting findings, such as:

- 4.1 Some SAIs had encountered problems when conducting audit procedures remotely. The most common challenges related to inquiry, observation, inspection of documents and/or records, and walkthrough. While the least encountered issues were analytical procedures.
- 4.2 The majority of respondents did not found challenging situations that made them change the remote audit procedures in field work phases.
- 4.3 Almost half of respondents found challenges in developing audit findings when using remote audit procedures.
- 4.4 Most respondents did not get challenges from audited entities regarding the audit findings resulted from remote audit procedures.
- 4.5 The majority of respondents ensured the validity of data obtained remotely by requesting original copies, making agreement, and carrying out additional procedures (such as re-performance of the extraction of data, review, and so on).

- 4.6 The majority of respondents carried out procedures to ensure confidentiality, security, and data protection issues.
 - 4.7 Some tools used in remote audit were IT tools, data analytic tools, digitalization of audit-related documents, secure messaging/communication tools/online meeting and collaboration tools, secure data storage, encryption tools, remote access software, and so on.
 - 4.8 Some SAIs suggested the use of AI application to inspect physical assets, secure file sharing platform, virtual collaboration tools, cybersecurity tools, virtual observation tools, remote access software, and data analytic tools to support remote audit.
5. The detailed presentation is attached.

D. Presentation and Discussion on Draft Chapter 4: Audit Fieldwork Phase for Remote Audit

1. Presentation

- 1.1 Chapter 4 was comprised to answer following questions, namely: (1) What are the concepts of all procedures that can be conducted remotely in the audit fieldwork phase, (2) Which procedures that can/cannot be conducted remotely; (3) What problems were found in conducting a remote audit fieldwork; and (4) What lessons and challenges can be derived from the experience of conducting remote fieldwork.
- 1.2 Two methods used to answer the above research questions were: (1) distributing the survey to ASOSAI and ARABOSAI members and (2) reviewing literature from ISSAI standards, ISSAI implementation handbook, and relevant academic papers.
- 1.3 The structure of chapter 4:
 - Section 1: Introduction
 - Section 2: Conceptual framework
 - Section 3: Analyze the survey result
 - Section 4: conclusion
- 1.4 SAI Jordan also presented the detailed of the survey result, especially those related to remote audit procedures.
- 1.5 The detailed presentation is attached.

2. Discussion

No.	SAI	Inputs
1.	Kristian Gage, Australia	- SAI Australia has provided separate comment for SAI Jordan.

No.	SAI	Inputs
		<ul style="list-style-type: none"> - SAI Jordan needs to improve the draft. - Chapter 4 is the most important chapter. Therefore this chapter should provide elements of good practices, especially on how the audit is carried out remotely. - The draft has not provide sufficient explanation and elaboration on best practices and challenges. There are still some duplication. - The draft should be user friendly. - The draft should present specific challenges in each audit procedures in remote auditing, for example auditors cannot do physical contact and observe the physical reaction sufficiently through tools the auditors used. - Describe what each audit procedures in the context of remote auditing. - Short case study to contextualize each remote audit procedure will be beneficial to make the draft more readable and easy to understand.
2.	Blaine Jenner, Philippines	<ul style="list-style-type: none"> - We'd particularly interested in knowing how SAIs addressed the challenges in conducting remote audit procedures. - Use cases from some SAIs will be useful.
3.	Ihsan Culhaci, Turkiye	<ul style="list-style-type: none"> - Agree with Kristian Gage's comments. - The survey can be explored and summarized in the draft. - There is no clear linkage between challenges and solution. - In the survey, some SAIs stated that they had not carried out remote audit practices. The SAIs also said that they would not practice remote audit in the future. Those SAIs should be separated from the survey to avoid bias in reading the result of the survey.
4.	Thopan Aji, Indonesia	<ul style="list-style-type: none"> - The draft sections need to be restructured. Section 1 should be literature review, Section 2 should be example of each remote audit procedures (these two sections are important to provide explanation and

No.	SAI	Inputs
		<p>context for readers), Section 3 should be challenges and solution.</p> <ul style="list-style-type: none"> - The procedures related to assets deal more to inventory valuation, not assuring physical aspect of asset. - Section 4: Combine the recommendation. Provide analysis on which remote audit procedures that are more challenging/problematic compared to other remote audit procedures, for example confirmation vs physical assets verification.
5.	Sutthida Paiboon, Thailand	We suggest SAI Jordan summarize the case studies from the sharing session and input the relevant information in Chapter 4. We think it would be beneficial.

E. Sharing Session #4 on SAI’s Experience in Implementing Remote Audit Program

SAIs of Australia, Egypt, Indonesia, and Turkiye had taken the opportunity to share their experience in implementing remote audit. This session was moderated by Ms. Oktarika Ayoe Sandha, Section Head of Special Purpose Audit Standardization, SAI Indonesia. The structure of presentation was as follow:

1. ANAO’s Experience in Implementing Remote Auditing - Kristian Gage, SAI Australia
 - 1.1 ANAO responded the emerging risks from pandemic by reassessing audit risks across in-progress financial audit, adjusting performance audit program and developing a multi-year performance audit strategy focused on the government’s response to the pandemic, publishing two audit insights relevant to government’s response to COVID-19, as well as adapting new ways of audit delivery to maintain the focus on reporting on interest and priorities pf the parliament.
 - 1.2 ANAO also transformed the IT environment. Some of the transformations included (1) commencing arrangement designed to support and mature technology capability, (2) rolling out new equipment to facilitate a mobile and collaborative workforce provide flexible, modern equipment that supported a changing audit environment and workplace demands, and (3) obtaining remote access to entity systems to continue progressing audit work remotely.
 - 1.3 Remote audit practices had made some questions come to auditors’ attention, for example those related to control of flow information, satisfaction of authentic document, authentication of documents by relevant in charge parties, and obtainment of relevant evidence.



- 1.4 ANAO was also bound to government's protective security policy framework. This framework set out government protective security policy for entities to protect their people, information and assets, and supported entities to effectively implement the policy related to security governance, information security, personnel security, and physical security.
- 1.5 ANAO should also take into account of procedures to ensure confidentiality, security and data protection. Therefore, when carrying out remote audit, ANAO should consider the use or remote audit tools and security posture, the broader government policy in relation to security, the use of platforms and tools, the need for guidance, mandatory learning, training, etc. A questionnaire was developed during the pandemic to guide discussions between audit teams and entities affected by the COVID-19 situation and the potential risks and responses for remote connections and the security posture and response with increased remote activity and associated risks.
- 1.6 ANAO assisted staff in a remote environment, for example by issuing a technical bulleting for financial audit providing guidance to auditors related to audit work paper and things auditors should consider during financial audit. Some important elements which became subject of technical bulleting were:
 - 1.6.1 Materiality – the potential for material changes in underlying figures used to calculate materiality, and circumstances of the auditee in which selected benchmarks and/or thresholds applied may no longer appropriate.
 - 1.6.2 Valuations and impairment – the conduct of valuation and impairment assessments in a remote environment (including access to information and physical assets to conduct the assessments) and the potential for significant new judgements and uncertainties.
 - 1.6.3 Going Concern – considerations of going concern in a covid-pandemic era.
 - 1.6.4 Fraud - new incentives or opportunities for fraud, the need for additional fraud inquiries of management or those charged with governance as to their assessment or response to fraud risks.
 - 1.6.5 Major new programs – consideration of new programs and activities since the planning phase.
 - 1.6.6 Professional scepticism – application of scepticism in circumstances when control of flow of information may be difficult when not physical present and obtaining comfort of the completeness of information when not on-site.
 - 1.6.7 Gathering audit evidence – considerations for the auditor with reference to collection of confirmations and representations; conduct of stocktakes (including ability of the auditor to attend); the need to consider alternative procedures to determine an appropriate approach; procedures that necessitate observation or of physical records (and ability to utilise videoconferencing, including consideration of security issues); reliance on copies of original documents and how the auditor will satisfy themselves as to their true copy.



- 1.6.8 Controls strategy – consideration of the control environment, testing approach and appropriateness to rely on controls and prior testing.
 - 1.6.9 Documentation – reflects the need to hold an engagement team meeting to revisit the overall audit planning. Outlines documentation requirements for teams to document changes in risk identification, risk assessment and audit response.
 - 1.6.10 Overall risk assessment – recommendation of the engagement executive as to any revisions to the overall risk assessment for the audit (to be approved by the head of financial audit group).
 - 1.6.11 Communication of changes in risk assessment – mechanism for communicating revised risk assessment to auditee.
2. Experience of SAI Egypt in Implementation of Remote Audit Program – Moh. Abbas, SAI Egypt
- 2.1 Despite many benefits of remote audit, SAI Egypt encountered many challenges when performing remote audit procedures.
 - 2.2 Remote audit relied on data and information provided by the audited entities. This increased risks of incompleteness, inaccuracy, or manipulation. Besides, the limitation to carry out physical observation of assets, process, and control lead to difficulties to verify the existence of assets and the effectiveness of their control. In addition, the access restriction to documents and records might make auditors rely on scanned copies or electronic versions.
 - 2.3 Some solutions taken by SAI Egypt were: (1) employ data analytic tools, (2) request detailed documentation and supporting evidence, (3) prepare comprehensive interview guides and questionnaire, and (4) request detailed flowcharts and process documentation.
 - 2.4 SAI Egypt ensured data validity by matching the data obtained from the entity's electronic system with other external data and conducting a review of the entity's technological information system to verify the veracity of the outputs of those systems.
 - 2.5 Some procedures taken by SAI Egypt to ensure confidentiality, security, and data protection were: (1) strong passwords, firewalls, and encryption for data transmission and storage, (2) computer screen with a firewall icon, (3) secure remote access protocols for accessing audit evidence from off-site location, (4) regular security audits and vulnerability assessments to identify and address potential risks, and (5) data loss prevention tools to prevent unauthorized data copying or transfer.
 - 2.6 Some tools that could be used effectively in remote audits were: Microsoft Team and Zoom (for communication and collaboration); SAP and GR (for evaluation internal control system); soft copy, e-mail, and remote desktop (for examination of documents and records); drone, GIS, recorded video, and live streaming (for inspection of physical assets and observations); using IT to have direct access to auditee's system (for performance); survey application, teleconference/video call (for inquiry).



2.7 Tools that needed to be developed to effectively implement remote audit in the future were: (1) artificial intelligence (AI)-powered data analytic, (2) advanced anomaly detection algorithms, (3) predictive analytics, and (4) automated data extraction and validation.

3. Remote Infrastructure Audit in BPK RI – M. Reza Aryanto and Indra Irawan, SAI Indonesia

3.1 To effectively implement remote audit, SAI Indonesia optimized the process of obtaining documents for online audit evidence, optimized the use of virtual technology tools, and limited the scope of inspection to focus on the main risks of the projects audited.

3.2 SAI Indonesia faced some challenges when carrying out remote audit, such as: the source documents were not paperless; auditee's IT infrastructure was not ready for remote working, especially entities located outside the capital city of Indonesia; and auditors should adjust for new way of meeting and interviewing through virtual interaction.

3.3 Regarding to data validity, auditors asked internal control unit of the audited entities to validate the audit documentation submitted by the audited entities.

3.4 In virtual inspection, auditors prepared, carried out field audit, discussed and confirmed, and signed the inspection documentation. In preparation phase, auditors conducted preliminary analysis on contract to identify risk, conducted initial coordination and discussion, prepared technical plans for field audit, and determined field audit time allocation and schedule. In the field audit, auditors examined the conformity of contract's volume to technical specification as well as examine the suitability of the applied working method. In this phase, auditors used drone, GPS, and video/photo. Further, auditors discussed and confirmed information. This was carried out to obtain additional information about work implementation and the results of physical inspection that had been carried out during field audit. Finally, auditors signed the inspection result documentation.

3.5 SAI Indonesia also utilized building information model (BIM) for virtual inspection. However, the legal aspects as well as quality control and assurance were still challenging.

4. Remote Audit Guidelines – Sasha Gatria Andani, SAI Indonesia

4.1 SAI Indonesia had prepared remote audit guidelines. This was not only due to COVID-19 pandemic, but also to respond to VUCA world and development of ICT.

4.2 The guidelines comprised planning, implementing, reporting, following up, as well as quality control and assurance of remote audit.

4.3 When planning the remote audit, SAI Indonesia considered many elements, such as workplace arrangements and forms of online collaboration and remote audit schedule;



involvement of experts and internal auditors; results of remote audit feasibility analysis; risk areas and samples; implementation agreement and data access/security protocol; remote audit procedures that will be carried out; remote audit quality assurance, arrangement, and evidence validation; as well as media and reporting distribution.

- 4.4 SAI Indonesia carried out remote audit procedures, starting from remote entry meeting, remote audit procedures, to remote exit meeting. When carrying remote audit procedures, auditors were encouraged to consider objectives, steps, risk, and documentation.
 - 4.5 SAI Indonesia also took into consideration on remote audit reporting. The audit reports focused on key risks. Auditors also validated audit findings and documented the new ways used. Further, SAI Indonesia also utilized online platform to monitor progress of audit follow up recommendation (called SiPTL). SAI Indonesia also encouraged its auditors to make electronic working paper and also utilized audit management tools and collaboration tools to assure audit quality.
5. TCA's Experience in Remote Audit Fieldworks - Ihsan Culhaci, SAI Turkiye
- 5.1 TCA was ISO 27001 certified and according to the policies developed within information security management system, data and audit evidence collection via e-mail and personal storage devices or media (e.g. USB disks, external drives, CD/DVD) is not allowed. Instead, audit teams are encouraged to use two tools for this purpose: BVAS and SayDrive.
 - 5.2 TCA's audited entities were classified into two groups, namely: public administrations within the scope of central government (PACG) and local administrations (LA). PACG was compulsory to use BKMYBS (Integrated Public Financial Management Information System), a centralized financial management information system operated by Ministry of Finance (MoF). TCA's audit teams had read-only access to certain modules in BKMYBS. Meanwhile, for LA, there was no centralized system and each had their own financial management information system, in which TCA's audit teams had read-only access to certain modules.
 - 5.3 As a part of its ongoing efforts regarding digital transformation, TCA issued a regulation in 2011 defining the content and pattern of data to be electronically collected from the auditees, and methods, rules and timing of transfer in this respect. On the other hand, in 2012, TCA signed a protocol with MoF regarding transfer of accounting data kept in BKMYBS. Both the regulation and the protocol had been updated in 2020. Based on the current protocol, PACG and LA periodically uploaded their financial statements to BVAS.
 - 5.4 BVAS stood for "Integrated Data Transfer System" in Turkish and it was a portal developed in 2017 by TCA for auditees to upload their audit related financial data. It had a user-friendly interface and presented wizards for uploading data. Ensuring confidentiality, security and data protection (CSDP) was a great concern for TCA. The following measures were: (1) It operated in secure connection, i.e. the traffic is encrypted; (2) Users (auditees) were subject to TCA's password policy which forces

strong password usage; (3) Files were encrypted by the wizard in BVAS prior to upload and transferred in encrypted format; (4) Hash totals of the uploaded files were calculated, each record was timestamped and logs were taken for ensuring non-repudiation. Similarly, TCA attached importance for ensuring data validity. For this purpose, BVAS had an agent that checked the file to be uploaded for compliance with data pattern and let the file be uploaded only if it was compliant with. Other methods for ensuring data validity were re-calculation of amounts and re-production of financial statements if deemed necessary, as well as cross checking the data gathered with third parties' data, if applicable.

- 5.6 SayDrive was the cloud storage and file sharing system of TCA which was developed in 2019. Originally it was designed for file sharing within and between audit teams. With the COVID-19 outbreak, it also became an option for audit teams to gather audit evidence by creating folders and providing the links to the auditees for uploading requested documents and files. To ensure CSDP following measures were taken in SayDrive: (1) Audit teams could access SayDrive remotely via VPN and were subject to TCA's password policy which forced strong password usage; (2) It operated in secure connection during file upload by auditees; (3) As best practice, requested files were encrypted prior to upload by the auditees and password was communicated to the audit teams in alternative ways (e.g. SMS, email); (4) Hash totals of the uploaded files were calculated and logs were taken for ensuring non-repudiation.
- 5.7 VERA stood for "Data Analysis System" in Turkish. It was remotely accessible by audit teams in TCA and had a user-friendly interface. In VERA, data analysis was carried out in two levels:
- General/sectoral level: It was carried out by VERA group (the dedicated group for data analysis in TCA) by running pre-defined scenarios on the whole data to detect anomalies by taking the advantage of having a comparative insight. Anomalies and red flags were reported to audit team.
 - Entity level: It was carried out by audit teams by running pre-defined scenarios on the data of the entities they audit. Audit teams could also build additional scenarios by using the wizard VERA had.
- 5.8 Measures taken in VERA to ensure CSDP were as follows: (1) Audit teams could access VERA remotely via VPN and were subject to TCA's password policy which forced strong password usage; (2) It operated in secure connection; (3) According to "need to know" principle, audit teams could only access to the data of the entities they audit; and (4) Every action of the users and admins was logged.

6. Discussion

No.	SAIs		Questions	Response
	From	To		
1.		SAI Australia	Did ANAO still utilize the technical bulletin even	The technical bulletin was developed based on

No.	SAIs		Questions	Response
	From	To		
	Chandra, Indonesia		<p>though the pandemic had been over?</p> <p>In the presentation it was stated that ANAO provide Government of Australia two insights relevant to the Government's responds to COVID-19 pandemic. Were those two insights similar to performance audit report? In what case they differed?</p>	<p>individual/ specific topics. Some of the technical bulleting might not be relevant anymore and no longer used.</p> <p>Insights differed from performance audit reports. Insights targeted particular/specific topic, short, contained of key messages for government in particular sector, might contain of good practices to be adopted. Although insights were available in ANAO's website, its communication also differed from performance audit reports.</p>
		SAI Egypt	SAI Egypt considered that there were too many challenges faced during remote audit. What specific training did SAI Egypt provide for its auditors to ensure that the running remote audit be able to produce a good audit report?	SAI Egypt provided many trainings for auditors. Prior to the remote audit, SAI Egypt provided specific training on planning, audit, use of ICT, utilization of technology and specific tools, etc. SAI Egypt also provided certification for its auditors, such as CISA.
		SAI Turkiye	TCA had developed many instruments and tools to support remote audit even before the COVID-19 pandemic broke. What issue that TCA concern most in the use of BVAS, Saydrive, and VERA?	Ensuring confidentiality, security and data protection was a great concern for TCA. To do this, TCA did not developed all tools simultaneously. TCA built strong collaboration with semi-public IT institutions. First, they helped TCA develop systems that match the objectives of TCA's audits.

No.	SAIs		Questions	Response
	From	To		
				Then, they assisted TCA in operating system. Now, TCA had taken the full ownership of the system and programs. TCA also operated the system and programs.
2.	Markee Pardia, Philippines	SAI Turkiye	Is BVAS mandatory for all auditees? Do they submit documents in hard copy?	Yes, it is mandatory TCA receives electronic data. But in some conditions, audited entities can submit hard documents.
			Is BVAS connected to Say Drive and VERA so the auditor can already access and analyze data submitted by the auditee?	BVAS stood for Integrated Data Transfer System. Therefore, it was utilized to transfer data from audited entities to TCA. Having been transferred, the data was stored using Say Drive and then was analyzed using VERA.
			Were the documents submitted via BVAS?	TCA encouraged audited entities to submit electronic documents via BVAS.
3.	Blainne Jenner, Philippines	SAI Turkiye	How do you ensure the electronic documents they send are authentic?	We use electronic signature

F. Conclusion and Way Forward

1. The project lead thanked all meeting participants for the fruitful discussion.
2. There were some inputs for Chapter 4 from SAI Australia, Indonesia, Turkiye, Philippines, and Thailand. Some inputs received were:

- add a specific example or present case studies for each procedures to be relevant and to contextualize it for the readers
- add an interpretation of survey result which is a clear link between the challenges and the solutions for each procedures
- exclude the response from SAIs that never conduct remote audits
- add a brief explanation regarding each procedure to give more context to the readers
- add several analysis for Section 4 (Recommendation) such as why there are more problems for certain procedures, but fewer for another procedure.

3. Way forward

Based on project timeline, SAI Indonesia will distribute the next survey in April 2024. Besides, still in April 2024, SAI Turkiye and chapter members (SAI Thailand and Lao PDR) will start drafting Chapter 5.

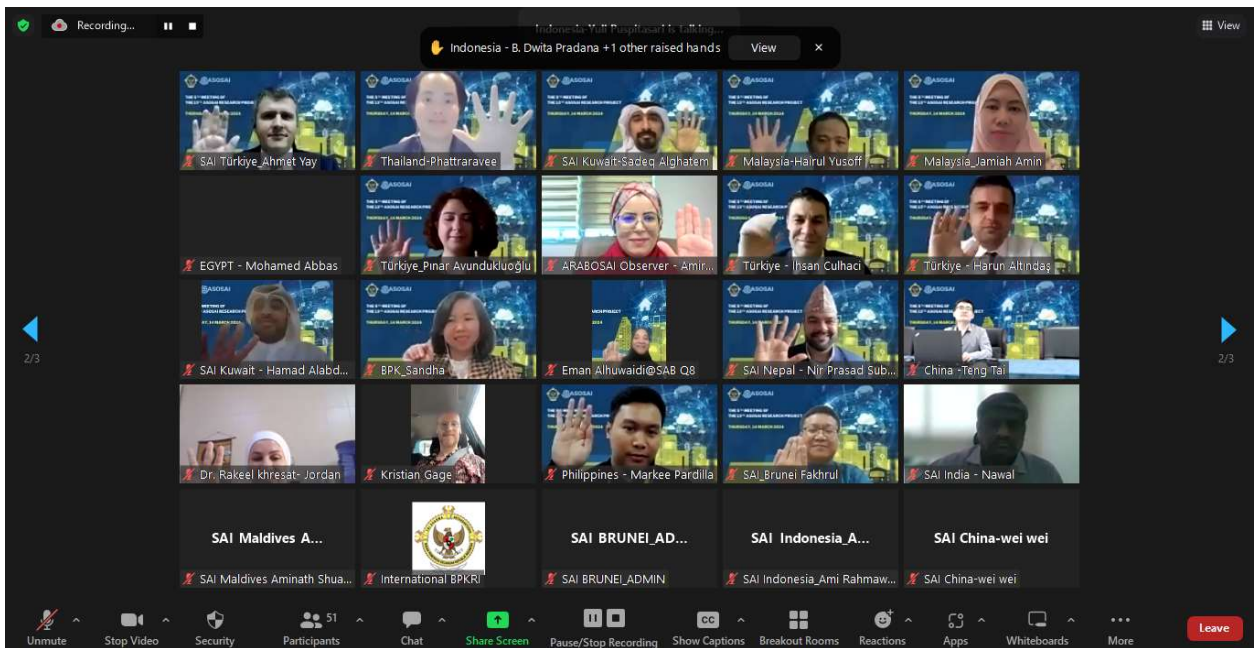
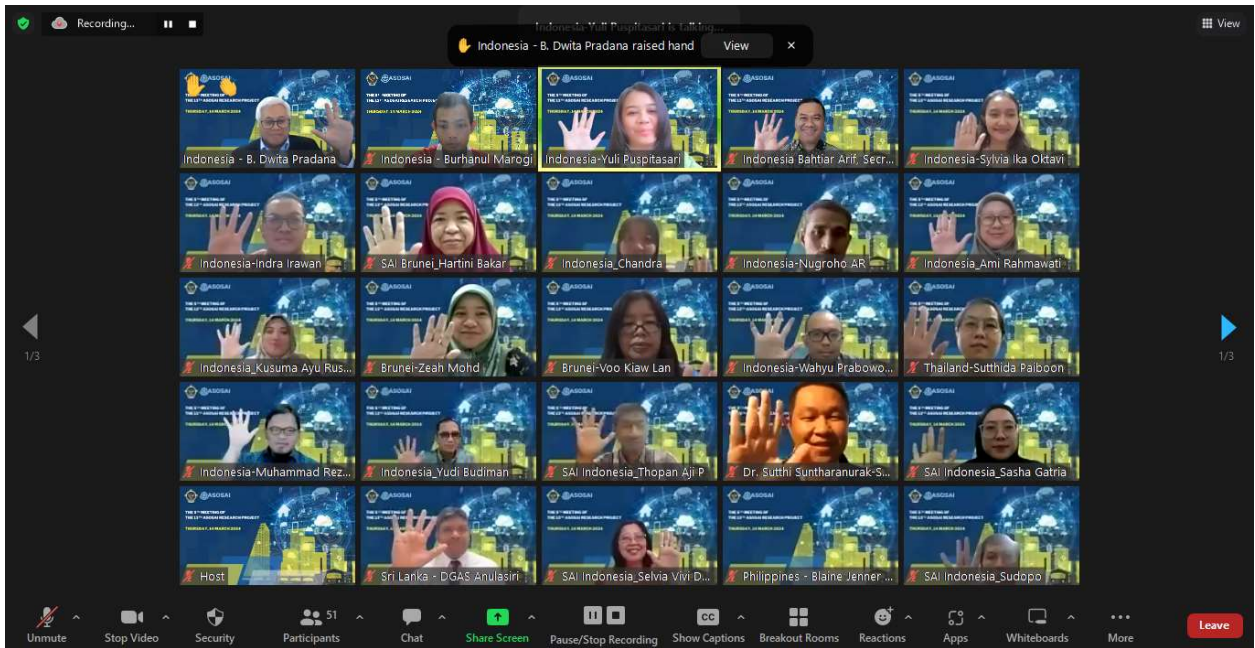
G. Brief Introduction of Chapter 5

1. The proposed outline for Chapter 5 will be:

- Section 1: Steps in audit reporting and remote audit. This section will comprise preparation of draft report, quality control review, obtaining auditee's comments, and finalization and publishing report.
- Section 2: Case study
- Section 3: Conclusion

2. The next round survey will be about to seek for information related to changes occurred, challenges faced and solutions taken during audit reporting steps, as well as lessons learnt and recommendations.

Annex: Official Group Pictures



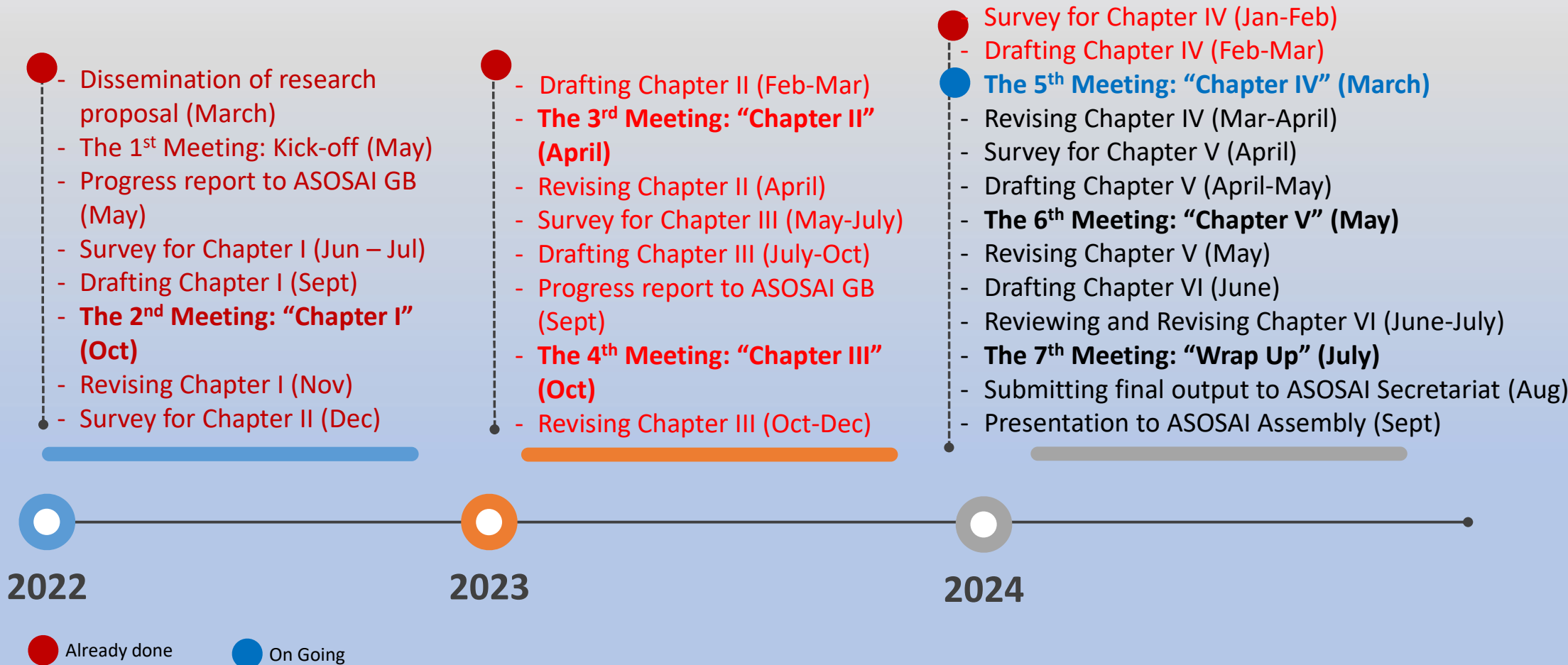


Progress Report on the 13th ASOSAI Research Project and Result of Chapter 4 Survey

Session 1 of The 5th Meeting

Thursday, 14 March 2024

Research Project Timeline



Survey Respondents



28 Respondents

13 SAIs of the 13th ASOSAI Research Project Member

15 SAIs (non-13th ASOSAI Research Project Member)

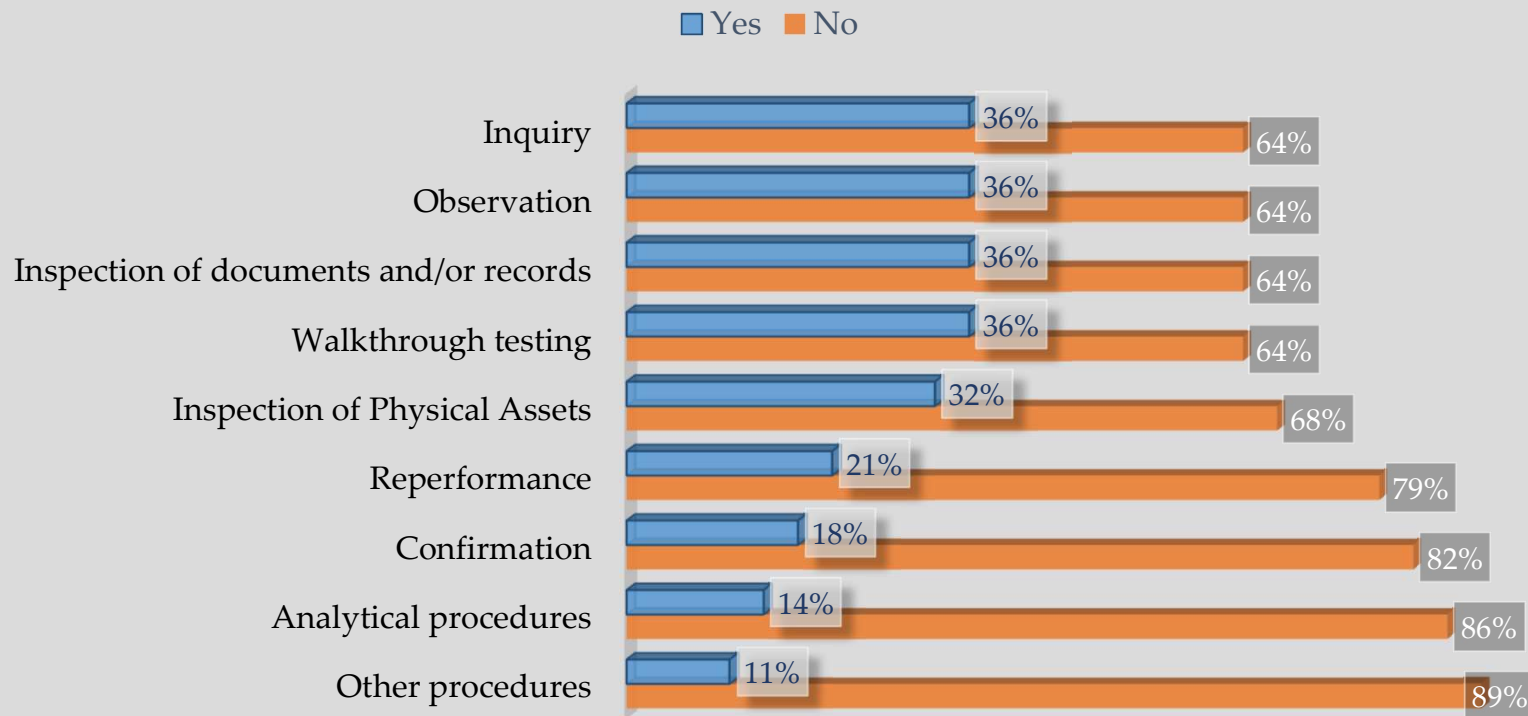
1	The National Audit Office of the Kingdom of Bahrain
2	Board of Audit of Japan
3	Department of the Auditor General of Pakistan
4	Accountability State Authority Egypt
5	National Audit Office of Mauritius
6	Board of Audit and Inspection of Korea
7	Chamber of Accounts of the Republic of Azerbaijan
8	Audit Office of the Republic of Cyprus
9	Office of the Auditor General of the Union of Myanmar
10	Supreme Audit office of Afghanistan (SAO)
11	Federal Board of Supreme Audit of Iraq
12	Audit Chamber of Armenia
13	State Audit Institution of Oman
14	The Accounts Chamber of the Republic of Tajikistan
15	Chamber of Accounts of Kyrgyz Republic

Survey Result – Part A



Part A. Problems and Solutions when Conducting Remote Audit Procedures

PROBLEMS ENCOUNTERED WHEN CONDUCTING THE REMOTE AUDIT PROCEDURES



- **36%** SAs have encountered problems when conducting *Inquiry, Observation, Inspection of documents and/or records, and Walkthrough testing*.
- **32%** SAs have encountered problems when conducting *Inspection of Physical Assets*.
- **21%** SAs have encountered problems when conducting *Reperformance*.
- **18%** SAs have encountered problems when conducting *Confirmation*.
- **14%** SAs have encountered problems when conducting *Analytical Procedures*.

Description of Part A. Problems and Solutions when Conducting Remote Audit Procedures

1. Inquiry

Problems:

- Access to personal data
- Insufficient technical infrastructure
- Lack of inquiry clarity
- Timeliness of replies/responses from auditee

Solutions:

- Legal revisions to allow access to sensitive data
- Improves internet network stability and speed
- Arrange periodic online meetings with relevant personnel, and inform the topic in advance
- Training and providing technical support and resources for both auditors and auditees

2. Observation

Problems:

- Insufficient technical infrastructure
- Inability to perform surprise check
- The credibility of the audit might be weakened
- Ensuring the correct location or activity observed
- Lack of direct interaction may limit auditors' ability to gather insights from auditee

Solutions:

- Use alternative procedures such as inspecting more documents, sending questions by email, and inquiry by teleconference.
- Conduct procedure through online conferences or video calls, with the internal auditor of the audited institution participating and observing the auditees.
- Perform additional procedure to crosscheck the location or requesting detailed photos and videos from auditees
- Utilizing data analytics to identify anomalies and potential areas of concern

Description of Part A. Problems and Solutions when Conducting Remote Audit Procedures

3. Inspection of Documents and/or Records

Problems:

- Difficulties in getting big data from auditee
- Some auditees were relying on hard documents for several operations
- Challenges related to document authenticity and integrity

Solutions:

- Use IT tools to enable sharing documents such as cloud computing, emails or other applications
- Ask the auditee to declare that they provide the auditor with the authentic document
- Implement robust cybersecurity measures to protect the integrity of digital documents.
- Request high-quality scans or digital copies of documents, including watermarks or other security features.
- Effective communication to avoid misunderstandings

4. Walkthrough Testing

Problems:

- Inability to perform in certain areas due to COVID-19 restrictions.
- Low-quality internet connection during live streaming, resulting in lower image quality.
- Challenges in replicating auditees' steps to complete a transaction

Solutions:

- Use alternative procedures such as inspecting more documents, sending more questions about organization's internal control by email, and inquiry by teleconference
- Requests thorough documentation of transaction flows and internal controls along with flowcharts, providing a clear map for remote walkthroughs
- Perform additional procedure to crosscheck the location or requesting detailed photos and videos from auditees
- Establish secure communication channels and providing technical support to both auditors and auditees

Description of Part A. Problems and Solutions when Conducting Remote Audit Procedures

5. Inspection of physical assets

Problems:

- Physical stocktakes were not able to be conducted
- Inability to perform surprise check in certain areas
- Technical issues with the equipment used and the internet network for inspections
- Difficulties in verifying assets condition and existence

Solutions:

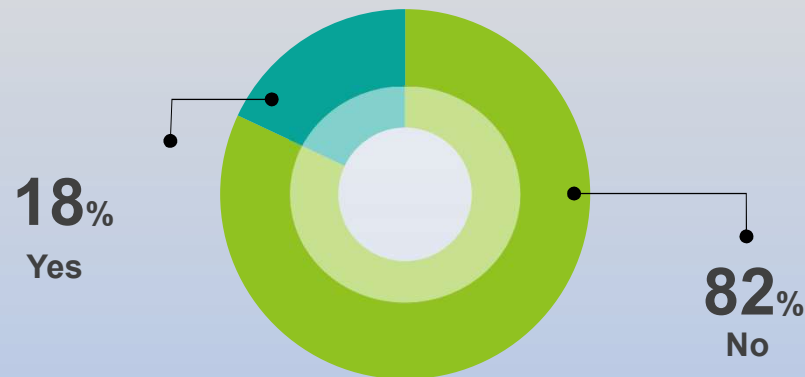
- Use IT tools such as drones, GISs, etc.
- Consider alternative procedures to determine an appropriate approach
- Increase quality review processes (such as hot QA)
- Request the internal auditors of the audited institution to participate and observe the physical asset
- Request detailed photos and videos of assets from multiple angles

Survey Result – *Part B*



Part B. Challenges in Implementing Remote Audit Procedures

1. Challenging situations that required changes to the remote audit procedures or tools used in the audit field work phase



- **18%** SAIs have encountered challenging situations that required changes to the remote audit procedures or tools used in the audit field work phase.
- The solutions SAIs have taken were strengthen the audit test to effectiveness of internal control, and/or use alternative procedures such as inspecting more documents, sending questions by email, and inquiry by teleconference.

2. Challenges in developing audit findings by using audit procedures remotely



- **46%** SAIs have encountered challenges in developing audit findings by using audit procedures remotely.
- The solutions SAIs have taken were ensure factual accuracy by sending draft audit findings and discussing it with auditees. Also use data analytics tools to analyze data sets to identify potential anomalies or inconsistencies, request detailed documentation and supporting evidence to corroborate information, and prepare comprehensive interview guides and questionnaires.

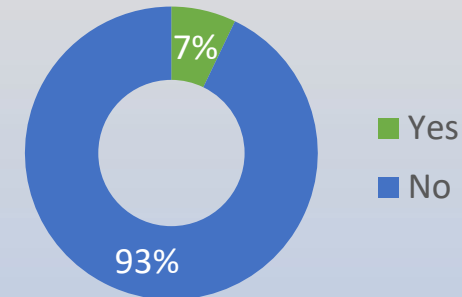
Survey Result – *Part B*



Part B. Challenges in Implementing Remote Audit Procedures

3. Challenges from auditee regarding audit findings that result from remote audit procedures

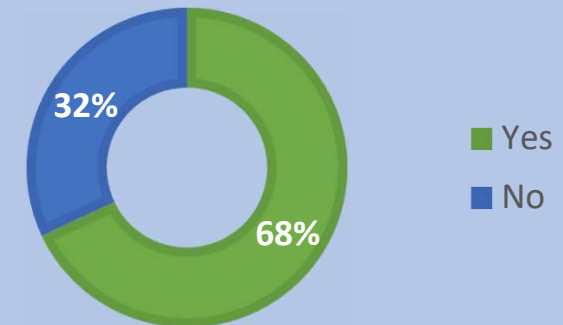
Most SAIs have never encountered any challenges from auditee regarding audit findings that result from remote audit procedures.



4. Ensuring the validity of the data obtained from auditee

68% SAIs ensure the validity of the data obtained from auditee by:

- requesting the signed confirmation from auditees and also the original copies of the documents based on the source documents,
- or making agreement with auditee,
- or adopting audit techniques, including the use of reperformance of the extraction of data, reconciliation of data sourced from an entity with the ledger/data records, review of the scripts used to extract data .



Survey Result – *Part B*

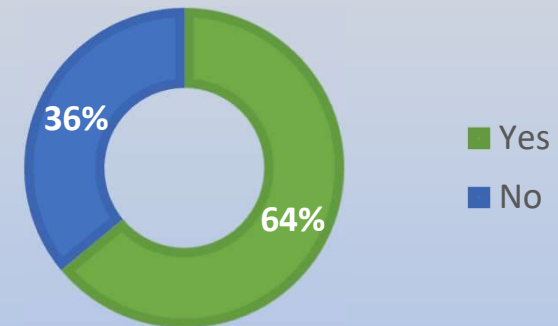


Part B. Challenges in Implementing Remote Audit Procedures

5. Procedures to ensure Confidentiality, Security and Data Protection (CSDP) when collecting audit evidences

64% SAIs have taken procedures to ensure Confidentiality, Security and Data Protection (CSDP) when collecting audit evidences.

- Audit evidences are collected and maintained in accordance with information security policy and guidelines.
- Managing data among auditors: restriction of access rights to data.
- Managing data between auditors and auditees: accessing auditee's data in all system through VPN, using a code from a Token; and using a Username authorized by the auditee.
- Through Confidentiality Agreement with the auditees



Part B. Challenges in Implementing Remote Audit Procedures

6. Tools that can be used to effectively implement remote audits

- IT tools, data analytics tools such as Qlik Sense, Audit management software such as Audit Management Information System (AMIS), and Virtual private network (VPN) to ensure Confidentiality, Security and Data Protection
- Digitalization of audit-related documents, including electronic signature platforms
- Secure messaging, communication tools, online meeting and collaboration tools such as Zoom or Microsoft Teams, and CCTV Camera
- Secure data storage, encryption tools, secure file sharing and document management platforms, such as Dropbox or Google Drive
- Remote access software and control tools like TeamViewer or AnyDesk

Part B. Challenges in Implementing Remote Audit Procedures

7. Suggestions regarding tools that need to be developed in order to effectively implement remote audits in the future

- Augmented reality for inspection of physical assets, Artificial Intelligence (AI) and Machine Learning (ML) application
- Secure file-sharing platforms, virtual collaboration tools, and cybersecurity tools
- Virtual observation tools and remote access software
- Data analytics tools



THANK YOU

**The 13th ASOSAI Research Project “Remote Audit for SAI:
Future and Challenges”**

Audit fieldwork phase

Chapter 4

1. Introduction

This chapter mainly elaborates on some best practices of participating SAIs when conducting the procedures. (Analytical procedures including utilization of Big Data Analytics, Walkthrough, Inquiry/interview, Document inspection, Stock inspection, Observation, Confirmation, Reperformance remotely), in the fieldwork phase. including any problems found and solutions taken by each SAI as lessons learned for others.

From above mention, the research questions of this chapter are as follows:

- What are the concepts of all procedures that can be conducted remotely in the audit fieldwork phase?
- Which the procedures in the audit fieldwork phase that can be conducted remotely and which cannot?
- What problems were found in conducting an audit remotely in the fieldwork phase.?
- What lessons and challenges can be derived from the experience of conducting remote audits in the audit fieldwork phase?

To answer the research questions, this chapter uses two methods: (1) distributing the survey to ASOSAI and ARABOSAI members to gather insights about their experiences with remote audit in the audit fieldwork phase (see details in the Appendix); and (2) reviewing the literature from key sources such as ISSAI Standards and ISSAI Implementation Handbook, as well as the relevant academic papers.

The chapter is structured as follows: Section 1 – Introduction, Section 2 - the conceptual framework of all procedures that can be conducted in the audit fieldwork phase. (remotely or non-remotely), Section 3 – analyze the result of the survey and provide the best practices from participating SAIs when implementing the procedures remotely, problems found and solutions taken and lessons learned by each SAI, Section 4 - Conclusion.

2- Best practices in implementing audit procedures remotely:

There are many core testing methods that auditors use to confirm the facts and answers that a business wants to attain during an audit. The nature of these test methods focuses on everything, it includes Analytical procedures, utilization of Big Data Analytics, Inquiry/interview, Document inspection, Stock inspection, Observation, Confirmation, and Re-performance.

Each testing method helps the auditor issue a well-informed opinion, based on evidence. Further, it provides the auditor with the information needed to provide meaningful conclusions, whether the business is operating optimally, and managing risks properly.

2-1 Inquiry/Interview

Based on the result of the survey: 64% did not encounter problems when conducting Inquiry remotely or have never conducted remote auditing, while 36% encountered problems when conducting Inquiry remotely.

Answer	Number of SAI	Percentage
No	18	64%
Yes	10	36%
Total	28	100%

2-2 Analytical Procedures

Table 2 shows that based on SAIs' experience, the majority of SAIs did not encounter problems when conducting analytical procedures remotely or have never conducted remote auditing,

However, a minority of SAIs encountered problems when conducting analytical procedures remotely

Answer	Number of SAI	Percentage
No	24	86%
Yes	4	14%
Total	28	100%

2-3 Observation:

Based on the result of the survey: 64% did not encounter problems when conducting observation remotely or have never conducted remote auditing, while 36% encountered problems when conducting observation remotely

Table 3: Observation Problems

Answer	Number of SAI	Percentage
No	18	64%
Yes	10	36%
Total	28	100%

2-4 Inspection of documents and/or records:

Based on the results of the survey: 64% did not encounter problems when inspecting documents and records remotely or have never conducted remote auditing, while 36% encountered problems when conducting inspecting documents and records remotely.

Table 4: Inspection of Documents Problems

Answer	Number of SAI	Percentage
No	18	64%
Yes	10	36%
Total	28	100%

2-5 Inspection Physical Assets Problems:

Based on the results of the survey: 67% did not encounter problems when inspecting physical assets remotely or have never conducted remote auditing, while 33% encountered problems when conducting inspecting physical assets remotely

Answer	Number of SAI	Percentage
No	19	67%
Yes	9	33%
Total	28	100%

2-6 Re-performance:

based on SAI's experience, the majority of SAIs (78%) did not encounter problems when conducting Re-performance remotely or have never conducted remote auditing. However, the minority of SAIs (22%) encountered problems when conducting Re-performance remotely.

Table 6: Reperformance Problems

Answer	Number of SAI	Percentage
No	22	78%
Yes	6	22%
Total	28	100%

2-7 Walkthrough testing:

Based on the results of the survey: 64% did not encounter problems when conducting walkthrough testing remotely or have never conducted remote auditing, while 36% encountered problems when conducting walkthrough testing remotely.

Table 7: Walkthrough testing Problems

Answer	Number of SAI	Percentage
No	18	64%
Yes	10	36%
Total	28	100%

2-8 Confirmation:

based on SAIs' experience, the majority of SAIs (78%) did not encounter problems when conducting confirmation remotely or have never conducted remote auditing. However, (22%) of SAIs encountered problems when conducting confirmation

Table 8: Confirmation Problems

Answer	Number of SAI	Percentage
No	22	78%
Yes	6	22%
Total	28	100%

2-9 Other Procedures:

based on SAIs' experience, the majority of SAIs(89%) did not encounter problems when conducting other procedures remotely or have never conducted remote auditing. However, the minority of SAIs (11%) encountered problems when conducting other procedures.

Table 9: Other Procedures Problems

Answer	Number of SAI	Percentage
No	25	89%
Yes	3	11%
Total	28	100%

3-The challenges encountered by SAIs when conducting audit Procedures Remotely:

in the light of the response to the survey that was distributed to SAIs, the SAIs encountered challenges in implementing remote audit procedures:

3-1 The changes required to the remote audit procedures or tools used in the audit fieldwork phase:

the majority of SAIs(82%) did not encounter challenges of the changes to the remote audit procedures or tools used in the audit fieldwork phase when conducting remote auditing.

However, the minority (11%) of SAIs encountered challenges of the changes to the remote audit procedures or tools used in the audit fieldwork phase when conducting remote auditing.

Answer	Number of SAI	Percentage
No	23	82%
Yes	5	18%
Total	28	100%

3-2 The need to develop audit findings by using audit procedures remotely compared to on-site audit procedures.

Based on the results of the survey: 54% did not encounter challenges of the need to develop audit findings by using audit procedures remotely compared to on-site audit procedures when conducted remote auditing, while 46% encountered challenges.

Answer	Number of SAI	Percentage
No	15	54%
Yes	13	46%
Total	28	100%

3-3 Challenges from auditee regarding audit that result from remote audit procedures:

based on SAs' experience, the majority of SAs (92%) did not encounter challenges from the auditee regarding audit that result from remote audit procedures when conducted remote auditing.

However, the minority of SAs (8%) encountered challenges from the auditee regarding audit that result from remote audit procedures when conducted remote auditing.

Answer	Number of SA	Percentage
No	26	92%
Yes	2	8%
Total	28	100%

3-4 The validity of the data obtained from auditee

Based on the results of the survey: 67% did not encounter challenges of the validity of the data obtained from the auditee when conducting remote auditing, while 33% encountered challenges.

Answer	Number of SAI	Percentage
No	10	33%
Yes	18	67%
Total	28	100%

3-5 Based on the results of the survey: 36% did not encounter the challenge of procedures taken to ensure Confidentiality, Security and Data Protection (CSDP) when collecting audit evidence, while 64% encountered challenges.

Answer	Number of SAI	Percentage
No	10	33%
Yes	18	67%
Total	28	100%

3-6 Recommendations presented by the SAIs regarding tools that can be used to effectively implement remote audits:

1. IT tools and equipment, data analytics tools like Qlik Sense, Audit Management Information System (AMIS), and technologies.
2. Establishing systems enabling those processes systematically and securely and having remote access to those systems will improve the effectiveness of remote audits for SAIs.
3. Good network connectivity and granting full access to entities' system
4. Confidentiality, Security and Data Protection; tools to remotely access client software and applications.
5. Teams, WeLink, WeChat.
6. Utilizing tools for assessment of risks that might occur during the data analysis and planning stage.
7. Regular review and updating of the applicable or available applications like Skype, Microsoft Team, MS Office/apps or other systems apart from Capacity Building of Audit Teams for effective utilization of these tools during review and analysis of data for the development of the Audit Findings.
8. Tools that can elaborate on geotagging information, especially in audits related to physical assets. In addition, video conferencing tools, drones, and data analytic tools such as Big Data Analytics.

3 -7 Suggestions presented by the SAIs regarding tools that need to be developed to effectively implement remote audits in the future:

1. INTOSAI or regional groups may develop formal guidance and/or a good practices handbook to inspire and guide SAIs in conducting remote audits.
2. Developing tools like secure file-sharing platforms, remote access software, data analytics tools, virtual collaboration tools, virtual observation tools, Machine Learning (ML) applications, and cybersecurity tools can greatly enhance remote audits.
3. Each SAI can develop Big Data Analytics to support more reliable and comprehensive remote audits
4. Developing tools for assessment of risks that might occur during the data analysis and planning stage.
5. Artificial Intelligence (AI)-powered Data Analytics:
 - Advanced anomaly detection algorithms: These could continuously analyze real-time data from various sources within the auditee, and identify potential red flags or inconsistencies for deeper investigation.
 - Predictive analytics: AI could forecast future trends based on historical data and audit findings, helping auditors prioritize areas of high risk and optimize resource allocation.
 - Automated data extraction and validation: AI-powered tools could automatically extract relevant data from documents and systems, minimizing manual effort and reducing human error in data acquisition.

4. Conclusions:

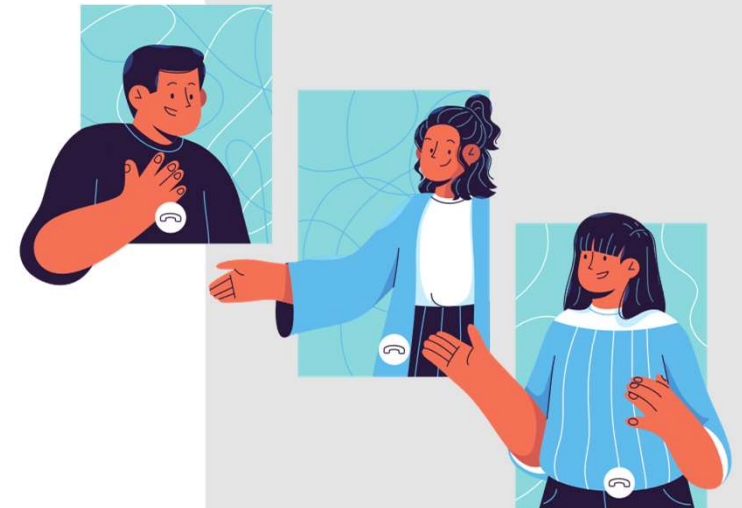
Through the results of the study on the supreme audit institution in the process of using remote audit procedures, we find that:

1. Many SAIs have capabilities for remote auditing, whether human resources, technology, or systems, in contrast, to the larger number of SAIs that do not have capabilities.
2. Some SAIs faced challenges in receiving adequate information within the given time, partly due to insufficient technical infrastructure and delayed responses from auditees
3. The remote inspection of physical assets and observation were significantly hampered by the lack of direct interaction, technical issues with remote equipment, and the necessity for onsite inspections to perform certain procedures effectively.
4. Some SAIs have weak capabilities and seek to develop remote audit operations with new ideas and plans.
5. Some SAIs do not have the capabilities and are still not developing their apparatus.
6. Issues with accessing databases and ensuring the authenticity and integrity of documents were common. This was exacerbated for non-digitized documents and when attempting to review big data from auditees remotely.
7. Many suggestions to improve the implementation of the remote auditing process can be applied by SAIs that wish and seek to implement remote auditing.



ANAO'S EXPERIENCE IN IMPLEMENTING REMOTE AUDITING

Kristian Gage, Executive Director





ANAO'S RESPONSE TO EMERGING RISKS FROM PANDEMIC

- Reassessed audit risks across in-progress financial audits.
- Adjusted performance audit program and developed a multi-year performance audit strategy focused on the Government's response to the pandemic.
 - Phase 1 – focused on rapid implementation of measures (social services and tax entities management).
 - Phase 2 – focused on key response programs – design, implementation and evaluation.
 - Phase 3 – reviewed outcomes of the Government's Covid-19 response.
- Published two audit insights relevant to Australian Government's Covid-19's response with focus being on the key lessons learned from audits of past activities, which were likely to have wider applicability.
- Adapted new ways of audit delivery to maintain the focus on reporting on interests and priorities of the parliament.



TRANSFORMATION OF THE IT ENVIRONMENT

With digitisation of government services and reliance on IT environments, coupled with the emergence of new technology, our legislation – including that relating to the SAI and its powers – needs to keep pace with these advancements.

IT environment has been a key focus of the ANAO. Prior year investments in technology has enabled the ANAO as an organization to respond quickly to and to work remotely, including:

- commenced arrangements designed to support and mature technology capability.
- rolled out new equipment to facilitate a mobile and collaborative workforce provide flexible, modern equipment that supported a changing audit environment and workplace demands.
- obtained remote access to entity systems to continue progressing audit work remotely.



QUESTIONS FOR THE AUDITOR IN A REMOTE AUDIT CONTEXT:

- How will we control the flow of information if we do not have physical access to the auditee?
- Where we receive copies by email of original documents rather than viewing original documents, how will we be satisfied that they are true copies?
- Can the document be certified by an appropriate person?
- How will we assure ourselves that we have obtained all of the relevant evidence from the auditee if we do not have physical access to the auditee?



PROCEDURES TO ENSURE CONFIDENTIALITY, SECURITY AND DATA PROTECTION (CSDP)

The Australian Government has a policy framework which sets out government protective security policy for entities to protect their people, information, assets and to supports entities effectively implement the policy across the following outcomes:

- Security governance.
- Information security.
- Personal security.
- Physical security.

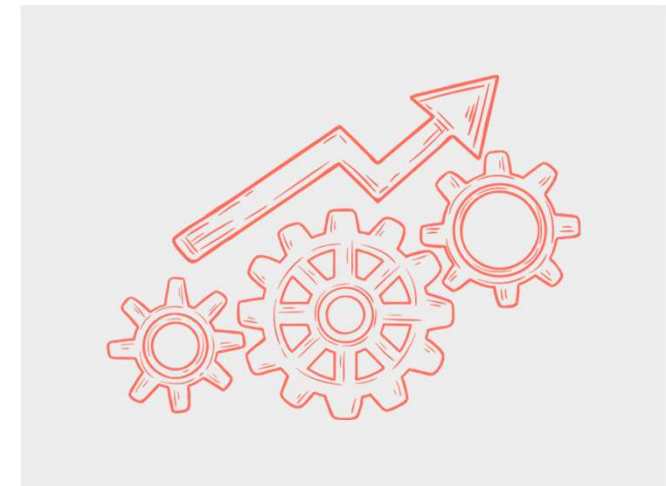




PROCEDURES TO ENSURE CONFIDENTIALITY, SECURITY AND DATA PROTECTION (CSDP)

Some points to consider in relation to remote auditing:

- The use of remote audit tools and security posture (government, entity, functions).
- The broader government policy in relation to security, the use of platforms and tools.
- The need for guidance, mandatory learning , training etc.





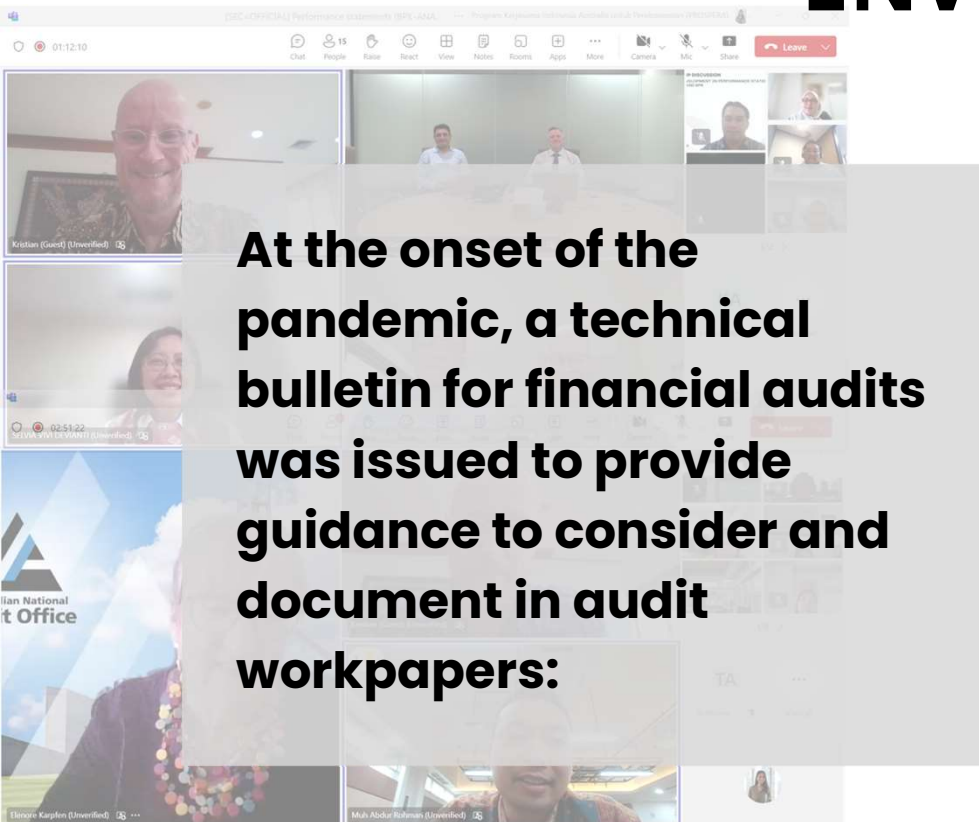
GUIDANCE TO ASSIST STAFF AUDITING IN A REMOTE ENVIRONMENT

At the onset of the pandemic, a technical bulletin for financial audits was issued to provide guidance to auditors to consider and document in audit workpapers:

- Materiality
- Valuations and impairment
- Going concern
- Fraud
- Major new programs
- Professional scepticism



GUIDANCE TO ASSIST STAFF AUDITING IN A REMOTE ENVIRONMENT



- Gathering audit evidence
 - Collection of confirmations and representations;
 - Conduct of stocktakes
 - Alternative procedures for an appropriate approach
 - Procedures that necessitate observation or of physical records
 - Reliance on original documents
- Controls strategy
- Documentation
- Overall risk assessment
- Communication of changes in risk assessment



EXAMPLE OF THE TECHNICAL BULLETIN



PSRG Technical Bulletin Audit planning considerations for COVID-19



PSRG Technical Bulletin – COVID-19 Considerations at Audit Planning

Background

Planning and risk assessment for financial statement audits is an iterative process whereby auditors revise the risk assessment and audit response for changes in the audited entity and the environment in which it operates.

Where audit teams had completed the main planning phase before the COVID-19 outbreak became a global pandemic, planning must be revised to consider potential new risk areas for the operations and financial statement preparation processes of audited entities, and to re-consider the impact on the assessment of audit risk at the entity level. Where planning has not yet commenced, this checklist will assist in considering risks associated with the global pandemic as part of the [business as usual](#) risk assessment.

This technical bulletin is intended to prompt audit teams to consider and document in the audit file how COVID-19 may impact the 2019-20 audit strategy.

Considerations

The list of questions below is not intended to be exhaustive, but instead should prompt consideration on an audit-by-audit basis for each team to ensure their audit strategy is suitably revised for the pandemic. The Appendix – entity questionnaire was developed by the NSW Audit Office (reproduced with permission) and may provide a useful starting point for discussions with auditees.

Materiality

- Is COVID-19 likely to cause a material change in the underlying figures used to calculate materiality for the auditee as at financial year-end?
- Has COVID-19 changed the circumstances of the auditee such that the selected benchmark and/or threshold applied are no longer appropriate? For example, has revenue traditionally been the appropriate benchmark but markedly increased expenditure due to COVID-19 has made expenses a more appropriate benchmark? Or has the auditee been affected by changes in the level of national economic activity, meaning the threshold applied should be reduced?

Going Concern

- Does the auditee rely on non-government revenue sources to be financially viable? If so, is the budgeted revenue forecast to be achieved?
- Does the auditee rely on debt markets for funding? If so, what is the likely effect of the volatility in the market on the auditee's ability to continue as a going concern?
- Has the auditee revised its forward forecasts to adjust for other uncertainties related to COVID-19?

Fraud

- Does the pandemic present new incentives or opportunities for fraud (e.g. misappropriation due to reduced monitoring controls or results manipulation such as bringing forward expenses)?
- Do fraud enquiries need to be re-performed because we have reason to believe that management or those charged with governance's assessment or response to fraud risk has changed because of COVID-19? Where necessary, how will fraud enquiries be performed remotely?

Major New Programs

- Are there major new spending programs being conducted by the auditee as part of the government response to the pandemic?
- If there are new programs that were not considered in our initial audit plan, does the plan need to be updated with consideration of the risks around, and strategy for, auditing these programs? Such considerations may include whether:
 - the programs have been appropriately accounted for and [disclosed](#);
 - there are appropriate controls in [place](#);
 - there are potential legislative breaches; and
 - appropriate governance and compliance monitoring processes are being undertaken.

Professional Scepticism

- How will we control the flow of information if we do not have physical access to the auditee?
- How will we assure ourselves that we have obtained [all](#) of the relevant evidence from the auditee if we do not have physical access to the auditee?

Gathering Audit Evidence

- Will we be able to obtain [all](#) of the bank confirmations and solicitors' representations necessary (especially for foreign banks/legal counsel)?
- Will the auditee be able to conduct a stocktake, and if they are able to conduct the stocktake, will we be able to attend? If not, consider alternative procedures to determine an appropriate approach e.g. can evidence from a previous stocktake can be relied upon or can we use videoconferencing to virtually attend?
- Are there procedures where we would ordinarily observe the auditee or their physical records? Can we use videoconferencing to observe in its place (including consideration of security issues)?
- Where we receive copies by email of original documents rather than viewing the original documents, how will we be satisfied that they are true copies? Can the document be certified by an appropriate person?

Appendix – entity questionnaire

The below questionnaire is intended to guide discussions between audit teams and entities affected by the COVID-19 situation. Questions should be tailored based on the audit team's understanding of the entity. This questionnaire is NOT to be provided to entity staff.

Discussion points	Response	Supporting documentation
Key impacts		
What is the entity's understanding of the key impacts of changes resulting from the COVID-19 situation?		
Response team		
Has a response team been established to manage the organisational approach to COVID-19? What is the mix of skills and experience within the response team? How will the response team identify and assess key issues, risks, expected impacts and necessary resources? Is there a clear direction from, and reporting to the senior executive, including the Board and ARC?		Minutes from meetings of response team.
Plans		
Does the entity have a plan that includes: • crisis management and business continuity • mitigation strategies for the key identified risks • action plans • employee communication plan • steps for reviewing progress against plans and reporting to the senior executive on a regular basis • procedures for dealing with variations to plans.		Related plans.
Use of experts and/or additional resources		
Have experts (consultants or contractors) and/or additional resources been engaged to assist in managing the impact of COVID-19?		Terms of engagement for management's experts and/or additional resources.
Corporate policies and plans		
Where relevant, have corporate plans and policies been reviewed and updated including: • policies for finance, human resources and administration • strategic plans, asset plans, information, communication and technology plans, and operational plans where appropriate.		Updated corporate policies including but not limited to: • finance • human resources • IT and administration. Updated strategic plans and operational plans.



EXAMPLE OF THE TECHNICAL BULLETIN



PSRG Technical Bulletin – Use of experts and estimation uncertainty COVID-19 considerations including Emphasis of Matter paragraphs

Background

The COVID-19 pandemic is creating significant change and unpredictability for auditees and the environments in which they operate. One consequence of this is that where entity management have engaged experts, such as valuers and actuaries, those experts are facing increased uncertainty in the conduct of their work and therefore may be required to provide certain caveats around their work in accordance with the expert's relevant professional standards.

Potential sources of increased uncertainty for experts include:

- Inability to conduct procedures that experts would normally perform because of COVID-19-related restrictions;
- Decreased levels of transactional data to inform estimation;
- Uncertainty about future events underpinning future performance;
- Uncertainty about macroeconomic factors; and
- Increased market volatility.

Key Auditing Standards

ASA 500 *Audit Evidence / GS 005 Evaluating the Appropriateness of a Management's Expert's Work*

ASA 540 *Auditing Accounting Estimates, Including Fair Value Accounting Estimates, and Related Disclosures*

ASA 705 *Modifications to the Opinion in the Independent Auditor's Report*

ASA 706 *Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report*

Obtain Sufficient Appropriate Audit Evidence – Measurement

The existence of caveats does not change the auditor's responsibility under ASA 500 to evaluate the expert, obtain an understanding of the expert's work and to evaluate the appropriateness of the expert's work for the relevant assertion(s). Circumstances where a caveat may indicate that the level of audit evidence available from the report has diminished may include:

- Indications that the expert was unable to perform standard procedures (or suitable alternate procedures) or obtain necessary data to support an authoritative report;
- Situations where the expert's report indicates significant volatility where the report obtained is not sufficiently close to reporting date; or
- New risks arising outside of the competence or experience of the expert.

If such matters indicate that we are limited in our ability or prevented from relying on the work of management's expert as audit evidence, suitable additional evidence will be required which may include engagement of an auditor's expert.

Disclosures

ASA 540 paragraph 19 requires the auditor to obtain sufficient appropriate audit evidence over whether the disclosures about accounting estimates are in accordance with the requirements of the framework. For significant risks, paragraph 20 provides an additional requirement to consider disclosure of estimation uncertainty additional to the specific requirements of the framework.

In the context of the Commonwealth financial reporting framework, most entities are only required to comply with Tier 2 disclosures. This means that many of the specific disclosures in subject matter specific Australian Accounting Standards such as AASB 13, AASB 16 or AASB 116 may not be mandatory. However, auditors should be cognisant of the general requirements of AASB 101 *Presentation of Financial Statements*, particularly paragraphs 122 and 125 which require financial statements to disclose the most significant accounting judgements and sources of estimation uncertainty.

In practice, this may mean that areas of the financial statements that had previously had relatively little or straightforward disclosure may require significant additional disclosure to enable the users of the financial statements to understand the nature of the uncertainty and the basis for management's application of accounting policies in arriving at the accounting estimate. While not specifically required in this circumstance, the auditor may find it useful to refer to any relevant Tier 1 disclosures that management has not included in considering the adequacy of the overall information presented.

Emphasis of Matter Paragraphs

Under ASA 706 the role of an Emphasis of Matter paragraph is to draw attention to a matter presented or disclosed in the financial statements which is fundamental to users' understanding of the financial statements. It is only after the auditor has assessed the measurement and disclosure of the accounting estimate that the auditor can assess whether an Emphasis of Matter paragraph is required in the circumstances. This is because the appropriate audit response under ASA 705 to materially inappropriate measurement or disclosure of an accounting estimate is a modified opinion. This includes where we consider that the financial statements are materially misstated through inadequate disclosure. In no circumstance is an Emphasis of Matter paragraph a substitute for a modified opinion or required disclosure in the financial statements.

Under ASA 706 paragraph 8, where an auditee has Key Audit Matters (KAMs) reported in their auditor's report and a matter is considered to be a KAM, a separate Emphasis of Matter paragraph is not provided, even where a matter is fundamental to the users' understanding of the financial statements. In those cases the auditor may wish to highlight or draw further attention to the relative importance of the matter in the KAM.

In determining what is fundamental to users' understanding, the auditor should consider all relevant factors, including the following, noting that widespread use of Emphasis of Matter paragraphs is likely to diminish the effectiveness of the ANAO's communication of important matters where they are relevant:

Factor	Comments
Relative Size of Affected Items	The larger the affected items are compared to the overall financial position or operations of the entity, the more likely that they are fundamental to the users. Simply being quantitatively material is unlikely to be fundamental on its own. Where matters relate to uncertainty, both the size of the affected item and the possible quantitative impact of the uncertainty should be considered.

Factor	Comments
Entity Operations	For an event like the COVID-19 pandemic, certain types of entities and certain types of affected financial statement items may be more prone to user sensitivity. For example, assets held by for-profit entities to generate income or to obtain fair value gains are more likely to be highly sensitive to uncertainty than assets held for the primary purpose of delivering government services for a not-for-profit entity.
Level of Uncertainty	While valuers and other experts may express generic uncertainty concerns on many assets, some key asset classes may be prone to greater and more immediate levels of uncertainty. Businesses and assets valued on <u>income-based</u> approach are more likely to have higher uncertainties than cost or market-based assets like buildings and land.
Accountability	The valuation of key assets may be a key driver of accountability of the entity to the Parliament and other users, in which case uncertainty is more likely to be fundamental.

In accordance with ANAO Audit Manual – Shared Volume Chapter 8, Emphasis of Matter paragraphs require consultation with the Qualifications and Technical Advisory Committee.

When considering the overall impact of expert caveats on the auditor's report, the decision tree at Appendix A may be helpful.

Further information

If you wish to discuss this PSRG guidance, please email PSRGAudit@anao.gov.au or PSRGAccounting@anao.gov.au or speak with the PSRG Audit and Accounting staff.

Dale Stoddart
Senior Director – Audit Technical
(02) 6203 7545

Alastair Higham
Senior Director – Accounting Technical
(02) 6203 7315



Experience of Egypt SAI in Implementation of Remote Audit Program

Despite the many benefits of conducting a remote audit in saving time and expenses yet, performing a remote audit lead to many challenges when performing all audit procedures



1-Challenges in developing audit findings by using audit procedures remotely

Remote audit often rely on data and information provided by the audited entity, which can increase the risk of incompleteness, inaccuracy, or manipulation.

Physical observation of assets, processes, and controls is often limited, making it harder to verify their existence and effectiveness.

Access to original documents and records might be restricted, requiring reliance on scanned copies or electronic versions that could be altered.

Our solutions for these challenges

- **Employ data analytics tools to analyze data sets provided by the audited entity and identify potential anomalies or inconsistencies.**
- **Request detailed documentation and supporting evidence (photos, videos, recordings) to corroborate information.**
- **Prepare comprehensive interview guides and questionnaires to elicit relevant information and clarify ambiguities.**
- **Request detailed flowcharts and process documentation to understand internal control system.**

2. Experiences/best practices in ensuring data validity

We ensure the data validity by matching the data obtained from the entity's electronic system with other external data, in addition to conducting a review of the entity's technological information systems to verify the veracity of the outputs of those systems

3. Procedures to ensure Confidentiality, Security and Data Protection (CSDP) when collecting Audit evidences

- **Strong passwords, firewalls, and encryption for data transmission and storage.**
- **computer screen with a firewall icon**
- **Secure remote access protocols for accessing audit evidence from off-site locations.**
- **Regular security audits and vulnerability assessments to identify and address potential risks.**
- **Data loss prevention (DLP) tools to prevent unauthorized data copying or transfer**

4. Suggested tools that can be used to effectively implement remote audits

- For communication and collaboration: **Microsoft Team, Zoom**
- For evaluating internal control systems: **SAP, GR**
- For examination of documents and records: **soft copy , Email , remote desktop.**
- For inspection of physical assets and observation : **drone, GIS , recorded video, live streaming**
- For re performance: **using IT to have direct access to auditee's system**
- For inquiry: **survey application , teleconference / video call**

suggestions regarding tools that need to be developed in order to effectively implement remote audits in the future :

- **Artificial Intelligence (AI)-powered Data Analytics:**
- **Advanced anomaly detection algorithms:** These could continuously analyze real-time data from various sources within the audited entity, identifying potential red flags or inconsistencies for deeper investigation.
- **Predictive analytics:** AI could forecast future trends based on historical data and audit findings, helping auditors prioritize areas of high risk and optimize resource allocation.
- **Automated data extraction and validation:** AI-powered tools could automatically extract relevant data from documents and systems, minimizing manual effort and reducing human error in data acquisition



Thank you our
colleagues

Remote Infrastructure Audit in BPK RI

Jakarta, 14 March 2024





Virtual Infrastructure Inspection

There should be no significant difference between the physical inspection method and the virtual inspection method, except that the auditor's eyes are represented by a monitor screen and the auditor's ears are represented by an audio speaker.



Effective Implementation of Virtual Audit

- 1 Optimizing the process of obtaining documents for online audit evidence
- 2 Optimizing the use of virtual technology tools
- 3 Limiting the scope of the inspection to focus on the main risks in the implementation of projects

Challenges Faced

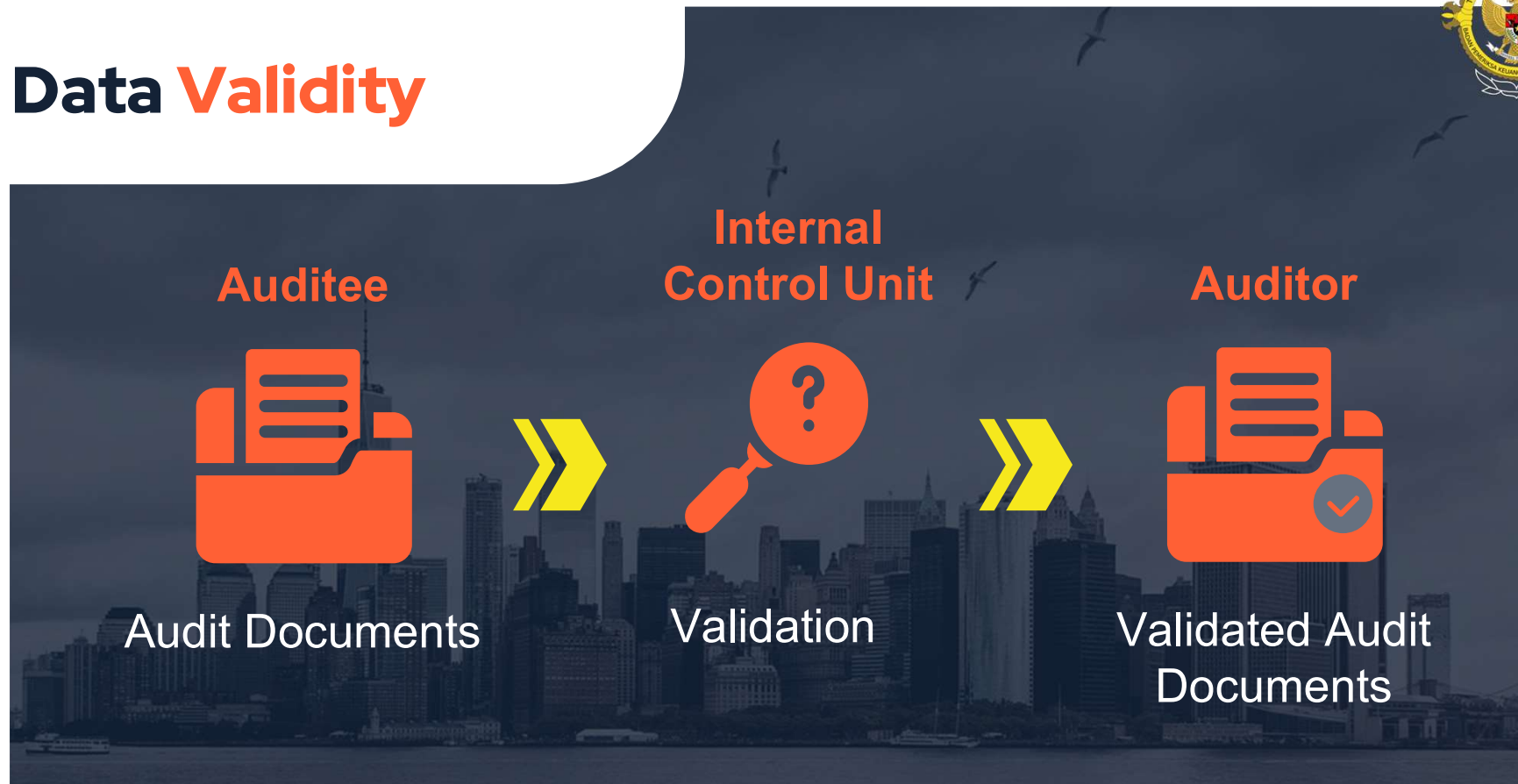


1. The source documents were not paperless yet.
2. Auditee's IT infrastructure was not ready for remote working, especially entities located outside the capital city of Indonesia.
3. Adjusting for new way of meeting and interviewing through virtual interaction.

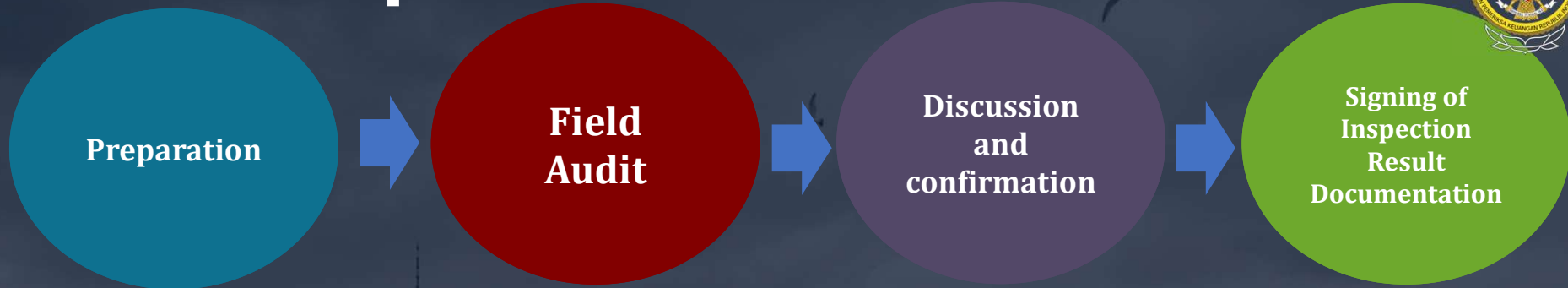




Data Validity



Virtual Inspection



- Preliminary analysis on contract to identify risks
- Initial coordination and discussion
- Preparing technical plans for field audit
- Determining field audit time allocation and schedule

- Testing the conformity of contract's volume and technical specifications (Building structure analysis based on the suitability of the material used, quality, method of measurement and payment)
- Testing the suitability of the applied working method in accordance with the method offered in the contract

Carried out to obtain additional information about work implementation and the results of physical inspection that has been carried out during field audit

- Last step of virtual inspection
The inspection result documentation consist of (minimum):
- Inspection date
 - Parties involved in the inspection
 - Items of work that were inspected
 - Inspection methods
 - Inspection results

Using drone, GPS and video/Photo



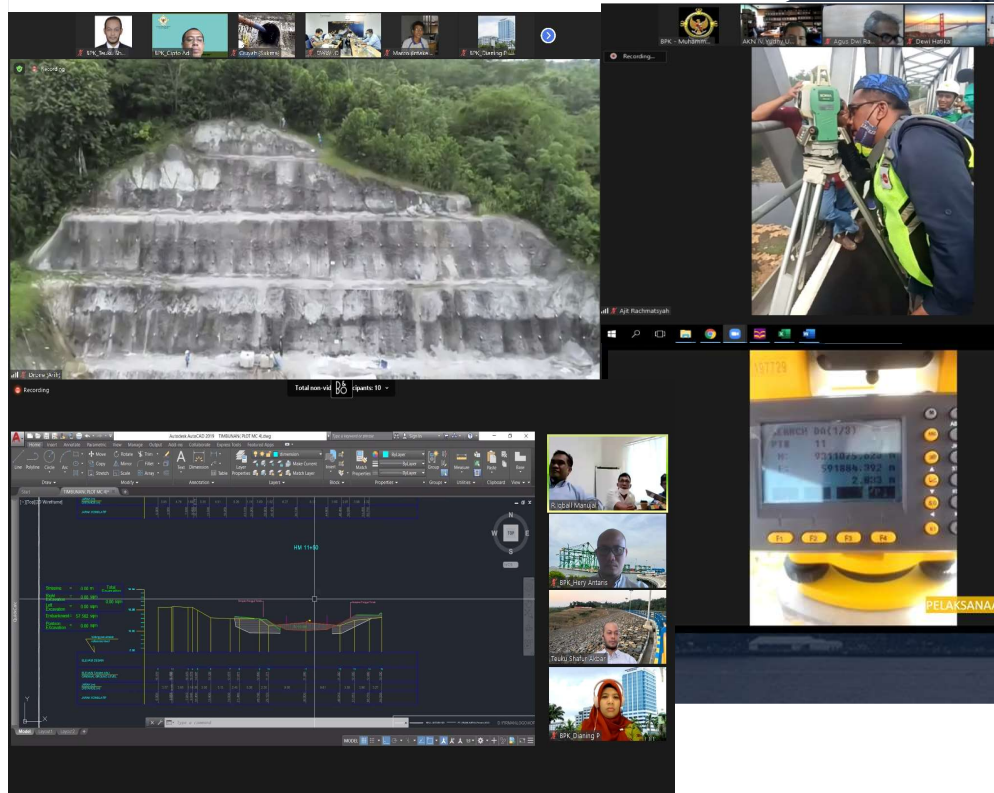
Example of Virtual Inspection

Examinations of Dam Project

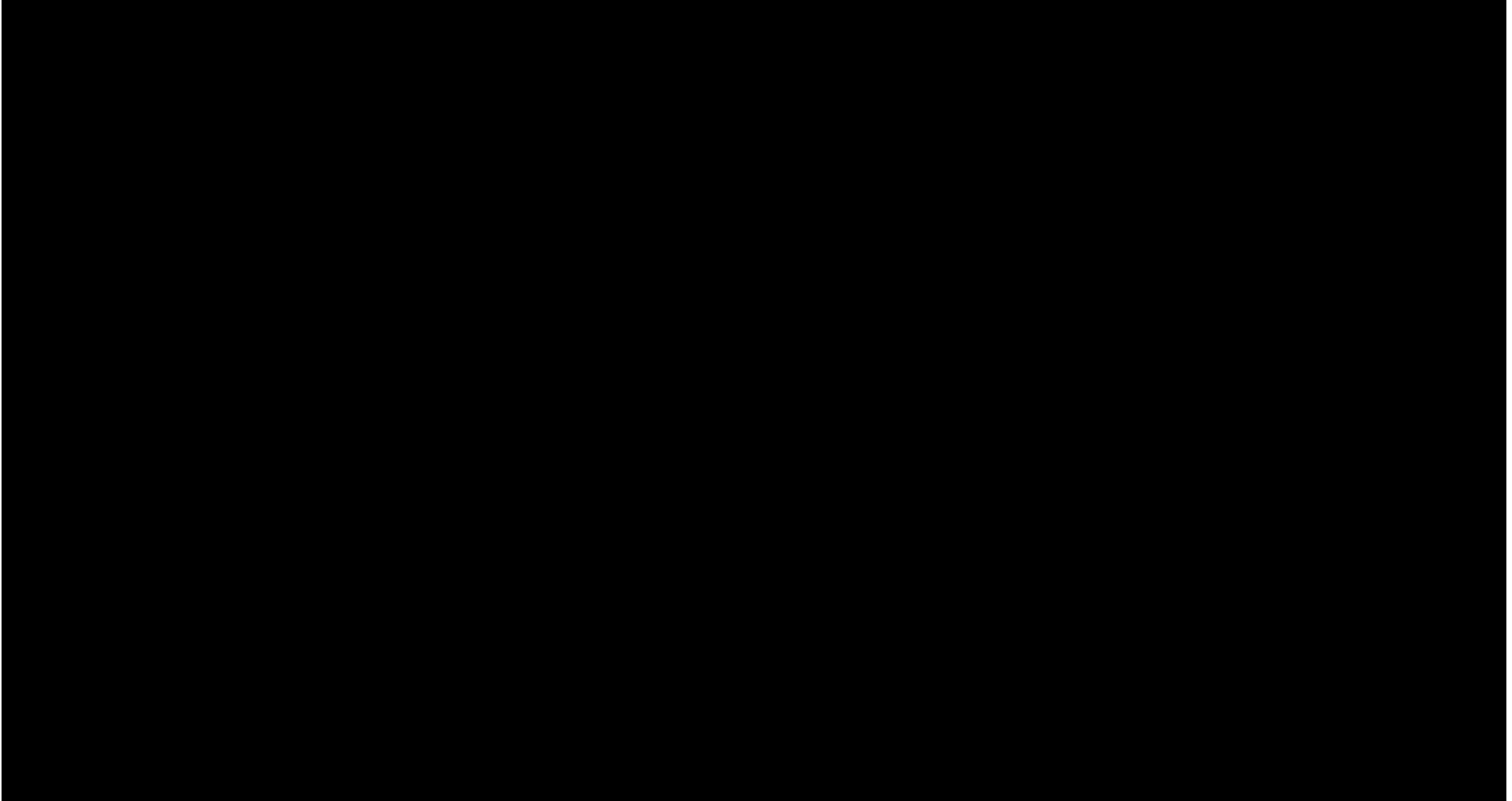
Primary Works: Excavation, Earthfill, Rockfill, Embankment, Concrete, Shotcrete, etc.

Virtual Inspection Method:

1. Works overview use drone/camera;
2. Use measuring devices such as GPS devices, theodolites, water passes, and/or total stations to get coordinates or elevation (on cross section samples) with minimum two camera;
3. Plot the coordinates or elevation using CAD software;
4. Compare the existing works with the as built drawing.



Virtual **Inspection** - Video **Example**



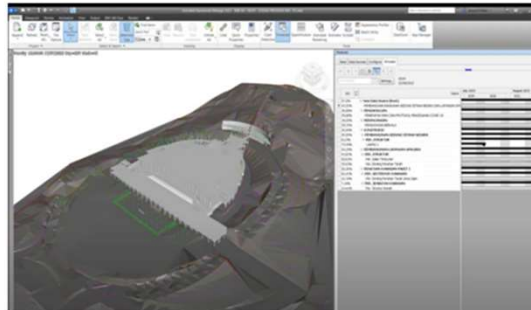


Building Information Model (BIM) for Virtual Inspection

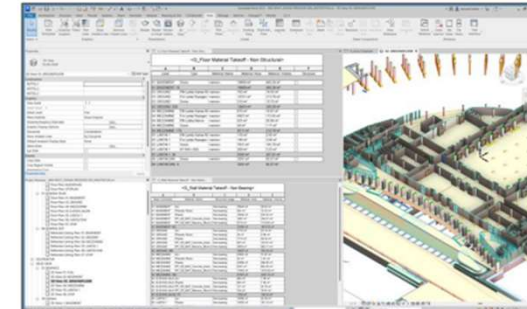
BIM 3D



BIM 4D



BIM 5D



BIM Challenges Nowadays

- The legal aspects whether the integrity of the data stored in cloud can be trusted entirely and accountable.
- QA and QC concept.



Thank You



Remote Audit Guidelines

**Directorate of Planning, Evaluation, and
State Financial Audit Policy Analysis
SAI Indonesia**



Purpose of Remote Audit Guidelines



Guidelines for Auditors in planning, implementing, reporting, following up, as well as quality control and quality assurance of remote audit



Auditors can still meet audit standards and minimize legal risks even though the audit is carried out remotely



Remote Audit Program

Prioritize risk areas & samples

Implementation agreement & data access/security protocol

Results of remote audit feasibility analysis

Remote audit procedures that will be carried out

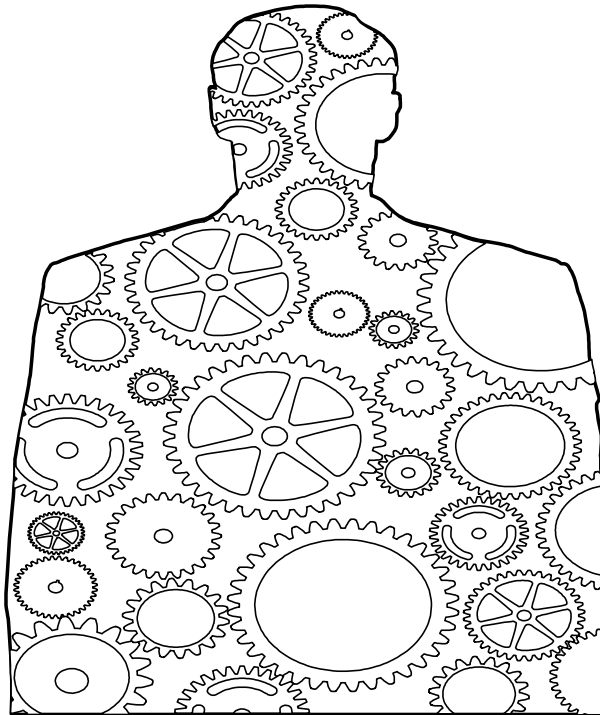
Involvement of Experts and Internal Auditors

Remote audit quality assurance arrangements, evidence validation

Workplace arrangements & forms of online collaboration and remote audit schedules

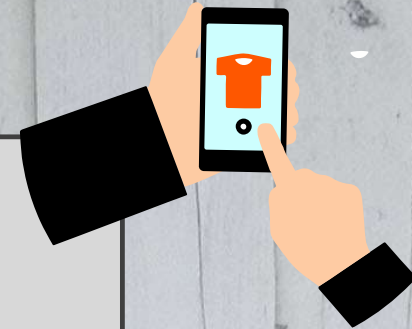
REMOTE AUDIT PLANNING

Media & reporting distribution





REMOTE AUDIT FIELDWORK



- A. Remote Entry Meeting → Steps
- B. Remote Audit Procedures, i.e.
 - 1. Document Review
 - 2. Inquiry
 - 3. Walkthrough
 - 4. Cash Opname
 - 5. Stocktaking
 - 6. Inspection of physical assets
- C. Remote Exit Meeting → Steps

Objectives. Steps, Risks,
Documentation



REMOTE AUDIT REPORTING



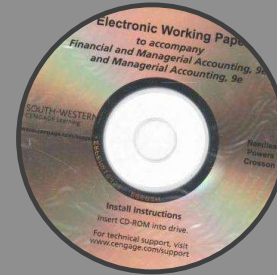
REPORTING:

Focus on key risks, validate audit findings, document new ways of auditing



ACTION PLAN:

utilizing online platforms (e.g. SiPTL) to monitor progress & remind entities



WORKING PAPER:

e-KKP (electronic data obtained from the inspection process, photos/videos/remote audit results, data extracted from the entity's system)



QUALITY CONTROL & ASSURANCE:

Utilizing audit management tools and collaboration tools, carried out through scheduled/incidental meetings





REMOTE AUDIT



THANK YOU

TCA's Experience in Remote Audit Fieldwork



Ihsan ÇULHACI
Turkish Court of Accounts - TCA

Gathering Data & Audit Evidence



- **ISO 27001** certified
 - Data collection via
 - ✓ **e-mail**
 - ✓ **personal** storage **devices** or **media** (e.g. USB disks, external drives, CD/DVD)
not allowed

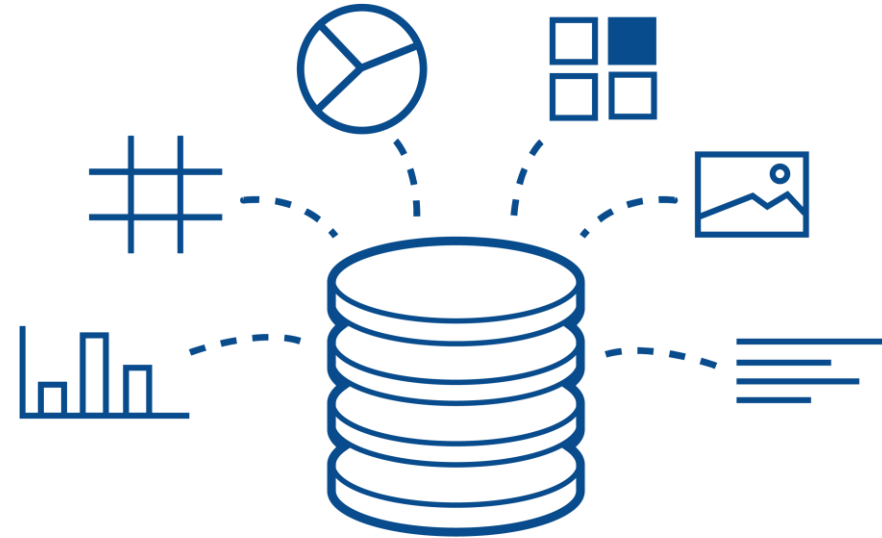


Gathering Data & Audit Evidence



Tools

- **BVAS** - Integrated Data Transfer System
- **SayDrive** - Cloud Storage and File Sharing System



Gathering Data & Audit Evidence



TCA's Audit Mandate

- Public Administrations within the scope of **Central Government** (PACG)
- **Local Administrations** (LA)



Gathering Data & Audit Evidence



- Public Administrations within the scope of **Central Government** (PACG)
 - **BKMYBS** (Integrated Public Financial Management Information System)
 - ✓ Operated by **MoF**
 - ✓ Covers all Central Government, **compulsory** to use
 - ✓ **Read-only** access to certain modules



Gathering Data & Audit Evidence



- **Local Administrations (LA)**
 - Each has **their own** financial management system
 - ✓ **Read-only** access to certain modules



Gathering Data & Audit Evidence



- **Regulation** issued by **TCA** (first in 2011, updated in 2020)
- **Protocol** with **MoF** (first in 2012, updated in 2020)
 - Data **content** and **pattern**
 - Transfer **methods & rules & timing**

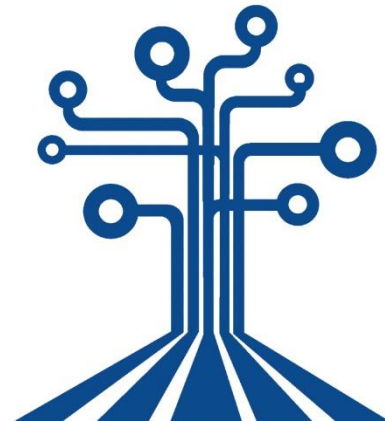


Gathering Data & Audit Evidence



- Public Administrations within the scope of **Central Government** (PACG)
 - **Financial statements**
 - ✓ Uploaded **periodically** by **PACG** to **BVAS**
 - **Accounting records**
 - ✓ Transferred **periodically** by **MoF** to TCA's **data warehouse** via **sftp**

- **Local Administrations** (LA)
 - **Financial statements & accounting records**
 - ✓ Uploaded **periodically** by **LA** to **BVAS**



Gathering Data & Audit Evidence



BVAS

- Integrated Data Transfer System
 - Developed in **2017**
 - Operated by **TCA**
 - Used by **auditees**
 - **User-friendly** interface & wizards



Birleşik Veri Aktarım Sistemi (B V A S)

Kurumsal Kullanıcı Portal Girişi

Kullanıcı Adı / Kep Adresi / Kurum Kodu / SKN No

Portala Giriş Şifresi

Matematiksel İşlem Sonucunu Giriniz :

Matematiksel İşlemin Sonucu

Giriş Yap

Şifre unutulduğunda Başkanlığımızdan resmi yazı ile BVAS için yeni şifre istenmelidir.

© T.C. Sayıştay Başkanlığı, Bilgi İşlem Birim Başkanlığı 2024



Gathering Data & Audit Evidence



BVAS

- Confidentiality, Security and Data Protection
 - Secure connection
 - Password policy
 - File encryption
 - Hash totals
 - Timestamp
 - Logs



Gathering Data & Audit Evidence



BVAS

- Validity
 - Data pattern compliance checks
 - Re-calculation & re-production
 - Cross check with third parties' data



Gathering Data & Audit Evidence



SayDrive

- **Cloud** storage & file sharing
 - Developed in **2019**
 - Operated by **TCA**
 - Used by **audit teams**



Gathering Data & Audit Evidence



SayDrive

- File sharing **within** and **between** audit teams
 - Share folders for **group** & **team** levels
- Gathering **audit evidence**
 - **Folder** created by audit teams
 - **Link** provided to auditees
 - Audit evidence **uploaded** by **auditees**



Gathering Data & Audit Evidence



SayDrive

- Confidentiality, Security and Data Protection
 - VPN
 - Password policy
 - Secure connection
 - File encryption
 - Hash totals
 - Logs



Data Analysis



VERA

- Data Analysis System
 - Developed in **2017**
 - Operated by **TCA**
 - Used by **audit teams**
 - **Remote** access
 - **User-friendly** interface

Data Analysis



VERA

- Analysis of collected data in two levels
 - **General/sectoral** level
 - ✓ by VERA group
 - ✓ pre-defined scenarios
 - ✓ comparative analysis on whole data
 - ✓ alerts produced for audit teams



Data Analysis



VERA

- Analysis of collected data in two levels
 - **Entity** level
 - ✓ by audit teams
 - ✓ pre-defined scenarios
 - ✓ scenario building wizard (drag & drop)



Data Analysis



VERA

- Confidentiality, Security and Data Protection
 - VPN
 - Secure connection
 - Password policy
 - Need to know
 - Logs



Conclusion and Way Forward

Conclusion

- Input for Chapter 4:
 - Add a specific example or present short case studies for each procedure to be relevant and to contextualize it for the readers
 - Add an interpretation of survey result which is a clear link between the challenges and the solutions for each procedures
 - Exclude the responses from SAIs that never conduct remote audits
 - Add a brief explanation regarding each procedure to give more context for the readers
 - Add several analysis for Section 4 (Recommendations) such as why there are more problems for certain procedures, but fewer for another procedures

Way Forward

- The next survey will be circulated around April 2024
- On April 2024, SAI Turkiye and its member (Thailand and Lao PDR) will start to draft the Chapter 5

Team Structure of ASOSAI RP13

CHAPTER	CHAPTER LEADER(S)	CHAPTER MEMBERS
(I) Introduction	Australia	1. Thailand 2. Philippines 3. Indonesia 4. China 5. Brunei Darussalam
(II) Concept and Definition	Thailand & Palestine	1. Australia 2. Indonesia 3. Kuwait 4. Malaysia 5. China 6. Vietnam
(III) Audit Planning Phase	Thailand	1. India 2. Indonesia 3. Sri Lanka 4. Maldives
(IV) Audit Fieldwork Phase	Jordan	1. Thailand 2. Turkiye 3. Maldives 4. Indonesia 5. Nepal 6. Philippines
(V) Audit Reporting Phase	Turkiye	1. Thailand 2. Indonesia 3. Lao PDR
(VI) Conclusion and Recommendation	Indonesia	-



Chapter-5

At a Glance



Ihsan ULHACI
Turkish Court of Accounts - TCA

Outline

- Introduction
- Section 1) Steps in Audit Reporting and Remote Audit
 - Preparation of Draft Report
 - Quality Control Review
 - Obtaining Auditee's Comments
 - Finalization and Publishing
- Section 2) Case Study
- Section 3) Conclusion



Survey

- **Changes** occurred, **challenges** faced and **solutions** taken during audit reporting steps
- **Lessons** learnt and **recommendations**





Ihsan ÇULHACI
Turkish Court of Accounts - TCA

