

Questions Audit Committees Should Consider In the Current Environment

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As audit committees weigh the practical challenges of accounting, reporting and disclosing the impacts of COVID-19, the following series of questions are designed to assist audit committees in execution of their oversight roles and responsibilities to ensure the performance of high-quality audits and issuance of transparent and reliable financial reporting.

Audit-Specific Questions

- What unintended consequences of COVID-19 may increase incentives or pressures on management that may result in management override of controls?
- Are we able to ensure continued proper segregation of duties and monitoring controls given changing physical work situations?
- Have any significant risks or material weaknesses been identified as a result of impacts from COVID-19?
- What changes in risk assessments have auditors determined need to be made and how will that impact the audit strategy?
- Are there known impediments — either by management or by the auditors — that may delay timely filing of financial statements? (e.g., lack of access or ability to obtain audit evidence or other information)
- What additional resources or expertise may be needed by management to properly account for judgments or estimates or changes related to circumstances brought on by COVID-19?
- What additional efforts may be required by the auditor to ensure the performance of a high-quality audit?
- Does my audit firm have the depth of or access to resources adequate to address complex accounting and auditing questions, including industry-specific matters, as they arise?
- Do my management teams, as well as my auditors, have the ability to properly supervise and direct the work of their staff and teams?

- Are there additional challenges in performing auditing procedures due to multi-geographical considerations?
- Has COVID-19 impacted circumstances that may call into question the entity's ability to continue as a going concern? What are management's plans to address? How do these impact the auditor's going concern evaluation?
- Are there any auditor independence issues that have arisen with respect to COVID-19?

Accounting and Reporting-Specific Questions

- Has management adequately assessed changes in risk factors impacting our business? Are these appropriately reflected in our financial statements?
- Has management properly identified significant accounting areas where impacts from COVID-19 are likely? Has management further accounted for related income tax effects of these impacts?
- Have we properly accounted for and disclosed changes in significant estimates and judgments impacting the financial statements?
- Has management, along with the auditors, identified applicable relief opportunities with respect to the 2020 CARES Act and appropriately factored these into the accounting and reporting, including income tax effects, within the financial statements?
- Do we have a requirement to comply with the Yellow Book and/or the Uniform Guidance related to any coronavirus relief stimulus funding that may have been received?
- Are there accounting or disclosure matters that have required significant consultations outside of the audit engagement team?
- Have the auditors and management identified significant or industry-specific matters related to the interaction of the CARES Act and GAAP or GAAS?

impacting our financial statements that need regulatory consultation?

- Has new information arisen regarding COVID-19 events contained in previously filed financial information that requires updating of current disclosures?

Corporate Governance-Specific Questions

- As an audit committee, how are we maintaining our education with respect to COVID-19 considerations, relief efforts, and related risks and opportunities?
- Are we appropriately engaging with internal and external stakeholders and providing transparent and consistent communications about significant impacts on our business?
- Are we allocating enough time and making ourselves available to discuss critical issues as they arise with management, the auditors and the board?
- Are we keeping the full board appropriately updated as to significant challenges with respect to financial accounting and reporting?
- Are we considering responses to anticipated questions from board members during upcoming annual meetings?
- Is management actively and effectively engaging with lenders, members and other stakeholders in a timely and productive manner and are the results of those engagements reflected in the financial accounting and reporting?
- Are we, as a board committee, appropriately considering additional risks that have arisen related to other stated committee responsibilities as described in our Audit Committee Charter — e.g., COVID-19 cybersecurity and data privacy risks?

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