Article

The Auditor’s Report Tests Positive for Covid-19

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Abstract

Purpose/objectives: The objectives of this article are to obtain an understanding of difficulties encountered by auditors during the Covid-19 pandemic and to determine how they addressed these difficulties. This is to add to and verify the accuracy of the existing body of literature that speculates on the possible effects of the pandemic on external auditors.

Design/methodology/approach: Literature from several professional bodies, practitioners and academics is examined. The effects of Covid-19 on audits are explored through examining auditors’ reports, including the Key Audit Matters (KAMs) raised by auditors during audits conducted since the start of the pandemic.

Findings: A selection of audit reports of companies listed on the Johannesburg Stock Exchange (JSE) reveals how Covid-19 plagued the audits of 2020. The audit reports themselves confirm these concerns and reveal that Covid-19 is not only linked to a significant number of key audit matters but could also be significantly associated with the type of key audit matter raised.

Practical implications: This article aims to bridge the gap between speculations on the effects of Covid-19 on financial external audits and the actual effects of Covid-19. This provides insight into what the real challenges faced by auditors were during the pandemic and how significant they were to conduct an effective audit over this period. Through this, understanding future audits in stressed environments, such as pandemics, can be better managed.

Originality/value: To the author’s knowledge, no such research examining the actual effects of Covid-19 on external financial audits have yet been conducted and this research, therefore, adds to the current body of academic research by enhancing the value of audit reporting and adding credibility to the current speculative literature around the perceived effects of Covid-19 on audits.

Keywords: accounting estimates; auditor’s report; Covid-19; going concern; Key Audit Matters (KAMs); pandemic; subsequent events

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Introduction

On 15 March 2020, the South African Presidency declared the Covid-19 outbreak a national disaster. On 27 March 2020, a full lockdown was instituted, which required a revision to standard economic and business practices. Globally, the effects of the pandemic were already in full force and numerous accounting professional bodies were seeking to aid their members on how to best deal with the effects of Covid-19 within their professional roles.

The Independent Regulatory Board of Auditors (IRBA) in South Africa was quick to respond with a newsletter issued on 20 March 2020, titled “Implications of the Covid-19 Outbreak for Audits and Auditors” in which they addressed possible implications caused by the pandemic and suggested appropriate audit responses (IRBA 2020a). Further guidance followed in a newsletter issued on 16 April 2020, specifically looking at the effect of Covid-19 on the auditor’s report and the uncertainties relating to going concern (IRBA 2020c). In May 2020, a newsletter containing considerations on Key Audit Matters (KAMs) in the auditor’s report was published by IRBA (IRBA 2020b). Locally, the South African Institute of Chartered Accountants (SAICA) also offered assistance by creating a resource page for Covid-19 and setting up a “Business Rescue Process” to assist corporates facing potential collapse due to the effects of the pandemic.[1] Globally, professional bodies such as the International Federation of Accountants (IFAC), the International Auditing and Assurance Standards Board (IAASB), the Association of Chartered Certified Accountants (ACCA) and the American Institute of Certified Public Accountants (AICPA) were providing guidance on the effects of Covid-19 for audits and concomitantly for the auditor’s report. Academics and auditing and accounting firms also provided views on their perceived effects of the pandemic on the auditing profession.

Currently available academic literature on the effects of Covid-19 on financial reporting is limited to speculations on possible impacts and concerns (Koutoupis et al. 2021), which mimic those raised by professional bodies and practitioners. The current body of literature highlights the effects of the pandemic on the principle of going concern (Albitar et al. 2021; Hay et al. 2021; Humphreys and Trotman 2021; Mathew and Sivaprasad 2020; Nurunnabi 2020) and the subsequent disclosure in the financial statements (Deliu 2020a, 2020b) is described as being a substantial challenge to auditors, significantly increasing their audit risk (Albitar et al. 2021; Deliu 2020a, 2020b).

The literature also identifies measures enacted by governments worldwide in response to the Covid-19 pandemic. These include online board meetings, dividend pay-out ratios within certain limits, relaxation of the insolvency framework, and corporate laws and financial assistance (Atici and Gursoy 2020; Enriques 2020; Zetzsche et al. 2020),

1 https://www.saica.co.za/About/Technical/RecentDevelopments/PublicSector/Covid19-Resources/tabid/4421/language/en-US/Default.aspx. Accessed June 2, 2021.

which are all recognised as necessary for such unprecedented circumstances (Enriques 2020; Puaschunder et al. 2020). It is evident that such government interventions, by their exceptional nature, would result in additional challenges for the auditor (Albitar et al. 2021; Hay et al. 2021).

There is emerging literature on risk perception and disclosure during Covid-19. Larcker et al. (2020); Loughran and McDonald (2020); Stephany et al. (2020); and Wang and Xing (2020) conclude that considerable variation exists in whether and how the Covid-19 relevant disclosure is made. It has also been noted that Covid-19 disclosures are mostly industry-dependent (Stephany et al. 2020; Wang and Xing 2020), indicating that the nature of Covid-19 implications is industry specific (Loughran and McDonald 2020; Stephany et al. 2020). Verifying the validity, completeness and accuracy of this disclosure in the financial statements during the pandemic is described as being a large challenge to auditors, substantially increasing their audit risk (Deliu 2020a, 2020b). Several other studies have also pointed out that Covid-19 would have more significant and different effects on different industries, notably the hospitality industry (Filimonau et al. 2020; Huang and Liu 2020; Humphreys and Trotman 2021; Jones and Comfort 2020; Mao et al. 2020; Ou et al. 2021), the port industry (Notteboom and Haralambides 2020) and the airline (Amankwah-Amoah 2020) industry.

Hay et al. (2021) and Reyes et al. (2021) introduce some of the logistical complications involved in audits during the pandemic, including auditors working remotely and a possible reduction in audit fees despite an increase in audit work arising from increased audit risk associated with the pandemic. This could have a negative impact on audit quality (Albitar et al. 2021; Humphreys and Trotman 2021; Reyes et al. 2021).

Albitar et al. (2021), Hay et al. (2021) and Reyes et al. (2021) identify management incentives considering the pandemic towards fraudulent financial reporting, including earnings management to meet investor expectations. This, coupled with breakdowns in the internal control environment arising from lay-offs, illness and staff working from home, contribute to the additional challenges faced by auditors over this period.

The fact that academic literature to date is mainly speculative rather than conclusive, is explained as being due to a lack of data availability (Koutoupis et al. 2021). The importance of obtaining valid data to support the literature is evident. While numerous areas of concern for auditors are identified, obtaining actual data to support these speculations will give them credibility. It is, therefore, vital to substantiate the current academic literature with actual evidence it the form of quantitative and verifiable data. Studies have shown that several biases exist in decision-makers when determining a hypothesis without gathering supporting evidence (Jaunzemis et al. 2019; Skov and Sherman 1986), and it is, therefore, important that evidence is obtained to support the hypotheses (Jaunzemis et al. 2019) and the claims made on the impact of Covid-19 affecting both auditors and management.

The auditor's report is the front line of communication to the users of financial statements (Goicoechea et al. 2021). The more recently included KAMs section identifies and describes in valuable detail the areas of the audit that were deemed to be of most significance during the audit (Sirois et al. 2018). These areas include specific detail of items that involved more professional scepticism and judgment (Cordoș and Fülöp 2015). They identify areas that involve significant time and expertise to address (Velte and Issa 2019). This area is, therefore, the window through which the effects of Covid-19 on audits can be viewed.

This article explores what the actual "most significant" effects of Covid-19 were on the audits of South African Listed Companies by examining audit reports issued since March 2020 to the time of writing. This provides insight into what actual challenges were faced by auditors due to Covid-19, particularly where these challenges threaten the audited company's ability to continue as a going concern. The literature suggests that the size of the company or the industry in which it operates may have had a significant effect on uncertainty related to going concern during the pandemic (Albitar et al. 2021; Hay et al. 2021; IRBA 2020c; Levy 2020; Mathew and Sivaprasad 2020; Nurunnabi 2020). This article will, therefore, also explore whether there is statistical significance between a "Material Uncertainty Related to Going Concern" paragraph being included in the auditor's report and the size or industry of the entity.

This study provides valuable insights into the actual difficulties faced by auditors during this period. The concerns raised by the various stakeholders in the profession could then be compared to the KAMs reported in the audit report.

Through an analysis of the audit reports of a subset of Johannesburg Stock Exchange (JSE) listed companies, this research seeks to address the following questions:

1. How frequently have KAMs been raised due to Covid-19?
2. Do the implications of the pandemic for the auditor's report—as determined by professional bodies, practitioners, and academics—agree with those actually reported by auditors?
3. What is the nature of the KAMs raised, and are certain types of KAMs more likely to be linked to Covid-19?
4. Is there an association between the size and nature of the entity and the type Covid-19-related KAM raised?
5. Is the size of the entity associated with a "Material Uncertainty Related to Going Concern" paragraph related to Covid-19 being raised?

The remaining structure of the article is as follows. The following section reviews the current structure of the audit report since it was revised in 2015 by the IAASB. Next, the predicted implications of the pandemic on audits and the auditor's report are explored based on a review of the literature available from professional bodies, academics and practitioners. The methodology section for the present study explains the research design, considering similar audit report based studies. This is followed by a discussion of the findings. Key findings and possibilities for further research are summarised in the conclusion.

The Auditor's Report

In 2009 the IAASB commenced its clarity project aimed at revising all current International Standards for Audits (ISAs) to improve clarity and quality (IAASB 2009). In 2015 the IAASB issued a revised suite of auditor reporting standards with the effective date of December 2016 (IAASB 2015). In order to respond to stakeholders' requests for improved transparency and clarity in audit reports (Cordoș and Fülöp 2015; Velte and Issa 2019), Key Audit Matters (KAMs) were introduced in a new standard ISA 701 *Communicating Key Audit Matters in the Independent Auditor's Report* (ACCA 2018; Goicoechea et al. 2021; Sirois et al. 2018).

Per ISA 701 paragraph 8: "Key audit matters are those matters that, in the auditor's professional judgement, were of most significance in the audit of the financial statements. KAMs are, in all cases, a selection of matters communicated with those charged with governance." When concluding which of the matters discussed with those charged with governance should be included as a KAM, the auditor considers areas that were identified as a significant risk or involved significant auditor judgement; areas the auditor found difficulty to obtain sufficient appropriate evidence; and areas where a significant modification to the original audit approach was made, for example, due to deficiencies in the internal control systems (Bédard et al. 2014; Cordoș and Fülöp 2015; Goicoechea et al. 2021;IAASB 2015; Sirois et al. 2018; Velte and Issa 2019; Vik and Walter 2017).

KAMs, therefore, serve the purpose of reducing the information gap between the information which stakeholders value and what is available to them through the disclosures in the financial reports (Bédard et al. 2014; Cordoș and Fülöp 2015; Sirois et al. 2018; Velte and Issa 2019). Due to the abnormal economic period caused by Covid-19, KAMs are a key method to communicate this valuable information to users (Deliu 2020a; IRBA 2020b; Velte and Issa 2019). In addition to reporting KAMs, other changes in the auditor's report include the opinion paragraph being presented first, enhanced reporting on going concern, emphasis of matter and other matter paragraph revisions, and clear statements regarding auditor independence and responsibilities (IAASB 2015).

ISA 570 (Revised) *Going Concern* added to the auditor's report the paragraph titled "Material Uncertainty Related to Going Concern" when a material going concern uncertainty is present. To clearly distinguish between management and the auditor's roles in the going concern assessment, a responsibility statement in this regard was included in the auditor's report. Auditors are alerted to the challenge of whether the disclosure around going concern is adequate, especially when circumstances could cast significant doubt on the entity's ability to continue into the foreseeable future (IAASB 2015). Where a material uncertainty related to going concern exists, this paragraph should follow immediately after the "Basis for Opinion" paragraph but before any KAMs (IAASB 2015).

An "Emphasis of Matter" paragraph is used to draw attention to matters presented or disclosed in the financial statements, which are fundamental to the users' understanding of that information. Any other matters not presented or disclosed in the financial statements, but which are fundamental to the users' understanding of the audit, should be included in an "Other Matter" paragraph.[2]

The paragraphs in the auditor's report likely to be affected, and providing insight into the effects of Covid-19 are, therefore, the "Audit Opinion"; "Material Uncertainty Related to Going Concern"; KAMs; "Emphasis of Matter"; and "Other Matter" paragraphs (Albitar et al. 2021; BDO 2020; Castka et al. 2020; Deliu 2020a; Deloitte 2020b; Grant Thornton 2020; Hay et al. 2021; IRBA 2020b; KPMG 2020; Levy 2020; Peat and Jimenez 2020; PwC 2020b; Reyes et al. 2021). As described in the methodology of this article, the effect of Covid-19 on each of these components will be investigated. A discussion of the anticipated effects of Covid-19 on the auditor's report, as raised by professional bodies, practitioners and academics, follows.

Audits Performed during the Pandemic

Several auditing concerns, arising from Covid-19, were raised together with recommended audit responses by professional bodies, academics and practitioners (Albitar et al. 2021; BDO 2020; Castka et al. 2020, 2020; Deliu 2020a, 2020b; Deloitte 2020a, 2020b; Grant Thornton 2020; Hay et al. 2021; IAASB 2020; IRBA 2020b, 2020c, 2020c; Koutoupis et al. 2021; KPMG 2020; Levy 2020; Loughran and McDonald 2020; Peat and Jimenez 2020; PwC 2020b; Reyes et al. 2021). The primary recommendation was for a more rigid risk assessment with an increase in professional scepticism, taking into account the additional risks arising from the pandemic (Deliu 2020a; IAASB 2020; IRBA 2020a; Loughran and McDonald 2020; Reyes et al. 2021). Additional audit procedures in light of these risks should be designed based on the unique nature of these identified significant risks (Castka et al. 2020; IAASB 2020; Reyes et al. 2021). Auditors were advised to be aware that challenges arising in implementing such audit procedures could affect the audit report (Hay et al. 2021; IRBA 2020a; Levy 2020; Reyes et al. 2021).

Predominantly, KAMs and "Material Uncertainty Related to Going Concern" paragraphs were expected to be affected (IAASB 2020; IRBA 2020c). Auditors were cautioned that in situations where sufficient information to draw an appropriate conclusion was not available as a result of the pandemic, this could affect the audit

2 ISA 706 (Revised) *Emphasis of Matter Paragraphs and Other Matter paragraphs in the Independent Auditors Report* p1a-b

opinion in the form of a scope limitation. The general consensus was that careful planning could overcome this concern in most cases (Deloitte 2020a; IAASB 2020; Levy 2020; Velte and Issa 2019).

The key risk areas identified in this literature review can be summarised as subsequent events; going concern; internal control breakdowns; accounting estimates; debt covenants; revenue recognition; lease and other contract modifications; government grants and restrictions placed on the auditor, including travel restrictions; inventory count observations; and evidence collection. Additional detail on each of these risks, together with appropriate audit responses and the likely effect on the auditor's report, is provided below.

Subsequent Events

For audits with a financial period ending between December 2019 and March 2020, it is reasonable to question whether the pandemic itself and the consequent events would fall into the "adjusting" or "non-adjusting" classification of a subsequent event per IAS 10[3] (IRBA 2020a; Levy 2020). Specific audit procedures should be designed to determine the correct accounting treatment of the pandemic per IAS 10 (IRBA 2020a). When designing these audit procedures, the auditor should consider areas where subsequent events would need to be disclosed as a result of Covid-19 and whether the condition (Covid-19) was pre or post year-end date, i.e., adjusting or non-adjusting. Possible effects of adjusting subsequent events could be, amongst others, the revaluing of assets to fair value, and contract modifications to lending agreements, leases, construction contracts and so forth (Deloitte 2020a).

The longer the subsequent event period is extended by auditors, the higher the risk of material misstatement. Delayed financial reporting caused by government-imposed lockdowns would, therefore, increase this risk (Deloitte 2020a; Hay et al. 2021; Levy 2020; Reyes et al. 2021).

Going Concern

The auditor should consider that the events giving rise to material uncertainty regarding going concern may only exist after balance sheet date (Deliu 2020a; Deloitte 2020a; IRBA 2020c). Management should, therefore, be requested to perform an updated going concern assessment taking the projected effects of Covid-19 into account (IRBA 2020c). Given the current economic climate, material uncertainties relating to going concern are very likely (IRBA 2020c). This increased risk is directly proportional to the

3 "IAS 10 *Events After the Reporting Period* contains requirements for when events after the end of the reporting period should be adjusted in the financial statements. Adjusting events are those providing evidence of conditions existing at the end of the reporting period, whereas non-adjusting events are indicative of conditions arising after the reporting period (the latter being disclosed where material)." Ref IASplus.com.
Accessed March 29, 2021. https://www.iasplus.com/en/standards/ias/ias10.

size of the entity, and even previously healthy SMEs should be considered to be at a greater risk of future liquidation (Levy 2020).

Additional audit procedures should focus on the adequacy of management's adjusted going concern assessment, considering the reasonableness of the projected financial information and applying increased professional scepticism taking into account management bias in its future outlooks (Albitar et al. 2021; Hay et al. 2021; Mathew and Sivaprasad 2020; Nurunnabi 2020).

Where no material uncertainty is found to exist, the auditor should consider disclosing a KAM to explain which audit procedures were used in determining the validity, accuracy and completeness of such forecasts (IRBA 2020c; Reyes et al. 2021; Sirois et al. 2018). This is due to the potential challenges in performing audit procedures on the prospective information in management's going concern assessments, which could be rendered unreliable due to the uncertain nature of Covid-19 (Levy 2020).

In the current environment, disclosures are increasingly important to provide transparency on the material effects of the pandemic and the possible impact on going concern assessment (Deliu 2020a; IAASB 2020; Larcker et al. 2020; Loughran and McDonald 2020; Velte and Issa 2019). These disclosures should address possible government interventions (for example, in the form of government grants and assistance), the impact of financial market volatility, deteriorating credit or liquidity concerns, and changes arising from reductions in production or restructuring (Albitar et al. 2021; Hay et al. 2021; IAASB 2020; Levy 2020).

Any material uncertainty adequately disclosed in the annual financial statements should be included in the auditor's report under the paragraph "Material Uncertainty Related to Going Concern" in accordance with ISA 570[4], drawing the users' attention to the disclosure in the financial statements (Baskan 2020; Geiger et al. 2019; IRBA 2020c). Even where a material uncertainty does not exist, an "Emphasis of Matter" paragraph can be used to draw the users' attention to this disclosure. It should, however, be noted that this should only be done when the matter is of such importance that it is fundamental to users' understanding of the financial statements, for example, as a result of a significant subsequent event (Albitar et al. 2021; Hay et al. 2021).

Accounting Estimates

There will be a greater than usual reliance on estimates due to the increased uncertainty caused by the pandemic in the current economic environment. Any estimates will be inherently more difficult to calculate and, as a consequence, less reliable (Deloitte 2020a; Levy 2020; Loughran and McDonald 2020; Reyes et al. 2021). Auditors should revisit all prior period estimates for adjustment due to changes in circumstances induced

4 ISA 570 *(Revised) Going Concern* paragraph 22(a)-(b). Note that the audit report remains unmodified.

through Covid-19 (Humphreys and Trotman 2021; IAASB 2020; Koutoupis et al. 2021). Accounting estimates must be supported by sufficient objective evidence to enable their conclusion to be free from management bias before the auditor can accept the validity, accuracy and completeness of the estimate (Humphreys and Trotman 2021; IAASB 2020; Koutoupis et al. 2021). Any inability on management's behalf to provide such evidence could constitute a material scope limitation. (IAASB 2020; Levy 2020; PwC 2020a; Reyes et al. 2021).

The general effects of the pandemic on the economy and, therefore, on other entities' financial performance will have an effect on the fair value of financial assets and liabilities disclosed in the statement of financial position (Deloitte 2020a; Hay et al. 2021; Koutoupis et al. 2021). The auditor should be aware that the pandemic itself could be an external indicator for impairment in terms of IAS 36[5] and should consider this together with other possible indicators that could arise indirectly as a result of Covid-19 (BDO 2020; Deloitte 2020a; Koutoupis et al. 2021). The weaker economic environment is also likely to have an impact on the measurement of expected credit losses and the valuation of receivables in accordance with IFRS 9 (KPMG 2020; Levy 2020; Reyes et al. 2021).

Other assets and cash-generating units should be considered for impairment (Deloitte 2020a; Humphreys and Trotman 2021; Levy 2020). This risk is increased when the expected inflows in separate cash-generating units are revised in light of the expected downturn in economic activity caused by Covid-19 (Humphreys and Trotman 2021; Nurunnabi 2020). Indeed, any assets that have been valued to fair value by discounting future cash flows should be impaired if, after considering the effects of Covid-19, future cash inflows decline (BDO 2020; Humphreys and Trotman 2021). Similarly, property, plant and equipment, goodwill and other intangibles should also be considered for impairment by considering their fair value less costs to sell where discontinued operations are imminent, or their value in use taking into account a possible reduction in future prospects (Humphreys and Trotman 2021; IAASB 2020; Levy 2020).

Due to the uncertainty of future operations, auditors should be alert to the possible use of provisions in the form of future operating losses by management in an attempt to smooth earnings for the potential effects on future periods (Wang and Xing 2020). It is common for management to be overly conservative in a bad year to facilitate future improved earnings (Hay et al. 2021; Levy 2020; Reyes et al. 2021; Wang and Xing 2020). Auditors must increase professional scepticism in this regard (IAAS 2020; IRBA 2020c).

It is possible that certain insurance policies may contain provisions for business interruption recoveries. Where an asset has been raised regarding such a claim, the

5 IAS 36 *Impairment of Assets* paragraph 12 provides examples of indictors of impairment, distinguishing between internal and external factors.

receipt of the claim must be virtually certain as per IAS 37.[6] Currently, there is much debate and dispute on whether insurance companies are obligated to make such payments or whether the nature of Covid-19 falls outside the scope of such a claim (Deloitte 2020a; Levy 2020). The auditor should, therefore, obtain direct confirmation from the insurers of their commitment to honour such a claim, including the amount to be received (KPMG 2020).

Special attention should be paid to any loss contingency accruals raised and the adequacy of the related disclosure (Peat and Jimenez 2020).

Debt Covenant Compliance

It is possible that—after making the adjustments discussed above—due to a corresponding decline in net asset value, a breach of debt covenant may occur. The auditor should note the conditions of all debt covenants and that non-compliance may require a debt reclassification from non-current to current liabilities unless a waiver of the debt covenant has been obtained from the lender (Deloitte 2020a).

Revenue Recognition

In light of Covid-19, the risk of revenue recognition is increased, particularly for contracts measured by stage of completion, such as in the construction industry (Adio-Moses 2021; Poggiolini 2020). Due to delays caused by lockdowns, original contract timetables will need to be revisited and clauses relating to penalties on late completion should be considered. Such contracts may become onerous where the obligations of completing them exceed the expected future benefits and should be recognised as such in terms of IAS 37 (Levy 2020).

IFRS 15 can only be applied to those contracts where the entity expects that the customer will honour its commitments to pay as amounts become due (Adio-Moses 2021; Alves 2021; Da Silva et al. 2021; Poggiolini 2020). It could be the case that management accepts that a customer may not be able to honour their commitments as they fall due, and decides to continue to supply them with goods or services. Revenue may only be recognised in this case where it is probable that the customer will pay the transaction price on its due date (Adio-Moses 2021; Alves 2021; Da Silva et al. 2021; Poggiolini 2020). The uncertainty of recovery, therefore, increases the risk of inappropriate revenue recognition (PwC 2020a).

It is highly likely that such complications in revenue recognition will lead to the auditor raising a KAM in the auditor's report (PwC 2020a).

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6 IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* paragraph 31–35 states that contingent assets should not be recognised but rather be disclosed where an inflow of economic benefits is probable. When the realisation of income is virtually certain, then the related asset is not a contingent asset and its recognition is appropriate.

Leases and other Contract Modifications

Lockdowns resulted in the closure of many businesses, which in turn may have renegotiated their rental agreements. Any adjustments to rental agreements will need to be considered to determine whether the change constituted a cancellation to the lease, with a new lease contract entered into, or if it should merely be accounted for as a revision to the existing lease. Similarly, any other material revisions to existing contacts should be examined to determine whether the substance of the contract was a revision or a cancellation followed by a new contract (Grant Thornton 2020).

Internal Control Environment

The internal control environment is unlikely to remain robust. Increased management pressure results in an increased incentive for management override of controls (Adio-Moses 2021; Albitar et al. 2021; Deloitte 2020a; Reyes et al. 2021). Working from home, lay-offs, illness, and other disruptions would cause breakdowns in the internal control environment (Albitar et al. 2021; Deloitte 2020b; Kurth and Kimpel 2020).

These adverse effects on the functioning of internal controls over the financial period will change the audit approach, with less reliance on internal controls and more extensive substantive procedures (Adio-Moses 2021; Deliu 2020a; Deloitte 2020c). The additional risks arising from a breakdown in controls will need to be assessed by the auditor in designing adequate and appropriate audit procedures to address these risks (Adio-Moses 2021; Albitar et al. 2021 Deloitte 2020c). Where it is determined that controls cannot be relied upon and that substantial procedures alone will be inadequate to reduce audit risk to an acceptably low level, the auditor will need to consider the effect of this on the auditor's report (Adio-Moses 2021; Albitar et al. 2021; Levy 2020).

Government Grants

Globally, governments have offered various forms of assistance to companies in the form of tax rebates, grants and other support. The auditor should be aware of any such assistance received and should consider whether it should be recognised and disclosed as a government grant in accordance with IAS 20 *Government Grants* (Koutoupis et al. 2021; Puaschunder et al. 2020; PwC 2020a).

Conducting the Audit free from Restrictions

Several restrictions placed on the auditor due to the lockdown may have resulted in a scope limitation. These are discussed below.

Accessibility to Audit Evidence and Client Personnel

Inability to access client information results in a significant scope limitation. This is especially difficult for foreign operations due to the imposed travel restrictions (IRBA 2020a). This may result in an over reliance on information sent electronically and the conducting of audit procedures offsite (Adio-Moses 2021; Albitar et al. 2021 Levy

2020). As this type of evidence is more susceptible to manipulation, the auditor should apply increased professional scepticism to the source and nature of the information received in determining its validity (IRBA 2020a). This risk is substantially increased where the internal control environment has not been operating as intended (Adio-Moses 2021; Albitar et al. 2021; Deloitte 2020a; Reyes et al. 2021).

Such difficulties are required to be communicated to the audit committee and those charged with governance (Albitar et al. 2021; Deliu 2020a; IAASB 2020; IRBA 2020a).

Inventory Observations

Travel restrictions may have prevented observation of an inventory count at the financial year end (Albitar et al. 2021). The auditor should consider the feasibility of other methods to determine the reliability of the inventory figure at year end (Castka et al. 2020). A late stock count together with rollback procedures may be sufficient to avoid a scope limitation, but as the length of the rollback period increases, the reliability of such procedures will decrease (Levy 2020).

Delays in Receiving Confirmations

Receiving external confirmation for accounts receivable and legal matters is key in verifying the validity of accounts receivable and the validity, accuracy and completeness of provisions and subsequent events. Delays in receiving these confirmations due to Covid-19 could result in pressure on the auditors to perform alternative procedures, such as relying exclusively on subsequent receipt testing to verify these accounts (Levy 2020). Auditors should be aware of additional risks in determining the sufficiency and appropriateness of the audit procedures performed and consider whether such alternative procedures and the difficulties in obtaining external confirmations would constitute a KAM in the auditor's report (IAASB 2020).

Verifying Work of Significant Components

The auditors should revise their risk assessment for component auditors for the increased risk of the sufficiency of their work in relation to Covid-19 (Adio-Moses 2021). Incomplete and inaccurate financial information at the audit of a material component would constitute a scope limitation (IAASB 2020).

Due to travel restrictions, the auditor should consider whether a lack of access to components where the group auditor wishes to perform additional procedures, may result in a scope limitation (Levy 2020).

The auditor should consider the possibility of reporting delays from component auditors and how this may affect the reporting timetable (IRBA 2020a).

Research Design and Method

Market capitalisation per listed company, as recorded by the JSE on 19 April 2021, was used to select three subsets, being the 20 largest, the 20 smallest, and the middle 20 companies. This sample of 60 is from an entire population of 331 listed companies at that date. Please refer to appendix 1 for a list of the companies selected.

The audit reports for these 60 companies were sourced from each company's website. The audit report dates ranged from 31 March 2020 to 31 March 2021, covering a timeframe from the beginning of the pandemic to the most recently available audited financial reports. Out of the 60 companies selected, two companies had not issued an audit report on 15 June 2021 when data collection was completed. The findings detailed are, therefore, from the 58 audit reports examined.

A mixed-method research design was undertaken, in which both qualitative and quantitative techniques were used. The approach taken here is similar to those used in studying the nature and structure of KAMs issued on first time adoption of ISA701 (ACCA 2018), and a 2017 study comparing KAMs reported by different audit firms for a set of listed companies in Norway (Vik and Walter 2017).

Using content analysis, the individual audit reports were reviewed through a subjective assessment of the types of KAMs, and the audit procedures used to address them. As these items are required to be entity specific, it requires a qualitative analysis of the data to categorise the content for further quantitative analysis.

Using an Excel spreadsheet, the following information obtained from each audit report was captured: the company name; the JSE sector in which the company operates; the audit firm signing off the audit report; the nature of any KAMs recorded; whether the KAM was identified as being because of the pandemic; and the audit approach to address each KAM.

These results were qualitatively analysed, noting the nature of each KAM and whether any KAMs were identified that had not been predicted by professional bodies, practitioners and academics, as discussed previously. Any KAMs predicted, but not included in the audit reports, were also noted. A full discussion of the unique nature of items qualitatively analysed through content analysis appears in the findings section of this article. These items were linked to categories of a similar nature for a quantitative analysis (ACCA 2018; Vik and Walter 2017). These categories were determined during the literature review of Covid-19 concerns discussed previously in the article and from a study performed by the Financial Reporting Council (FRC) on KAMs in 2015 (appendix 2).

The data relating to KAMs were collected in Excel, and each identified KAM was qualitatively linked to a category for quantitative analysis. Where a Covid-19 impact was identified within a KAM, this was marked "Yes." A KAM with no mention of

Covid-19 was marked "No." In some audit reports, an individual KAM described several significant risks relating to Covid-19 and the responses to address those Covid-19 specific risks. For example, Mondi Plc auditor's report included a KAM titled "Covid-19 (Group and parent company)." Within this main KAM, the following sub-headings were present: "The Group's going concern assessment"; "Impairment assessments of goodwill, property, plant and equipment and fixed asset investments"; "Net realisable value of inventories"; and "Recoverability of trade receivables." In this case, as each area related to a separately identifiable category, each sub-paragraph was recorded as a separate KAM for the purposes of this investigation.

Using descriptive statistics, the data collected were graphed and tabled for quantitative analysis. These descriptive summaries included: the number of KAMs linked to Covid-19 compared to total KAMs; the number of each Covid-19-related KAM by its nature in total, and per subset; the volume and type of Covid-19-related KAMs raised by audit firm; and the frequency and nature of Covid-19 related KAMs raised per JSE sector.

During the analysis of the selected audit reports all "Material Uncertainty Related to Going Concern" paragraphs were noted. It was also documented whether these paragraphs were specifically linked to Covid-19 or not. Using descriptive statistics, the "Material Uncertainty Relating to Going Concern" paragraphs reported were compared per subset, pinpointing those affected by Covid-19.

Research Findings

On 29 April 2021, 331 companies with a total market capitalisation of R16.6 trillion were listed on the JSE. The top 20 companies had a median market capitalisation of R271 billion with a range of R2.51 trillion, and a total value of R13.2 trillion. The 20 middle tier companies had a median of R3 billion, a range of R1.2 billion, and a total value of R60 billion. The bottom 20 companies had a median of R58 million, a range of R131 million, and a total value of R1.4 billion. The 60 selected companies, therefore, represented 18% of the entire population in number and 80% of the total market capitalisation.

When examining the KAM section of the audit report, some observations were made. All reports, bar one, displayed KAMs in a tabular format. An explanation of the KAM and reasons why it was deemed to be significant were entered in the left column and the audit response in the right. A handful of auditors added a paragraph below each KAM, summarising the observations made and conclusions reached. While a tabular format is not prescribed by ISA 701, it is recommended best practice (ACCA 2018), and it is encouraging that it appears to be the preferred method in practice.

It was noted that most auditors avoided using boilerplate language and attempted to describe the KAM and the audit response in a manner specific to the entity. There were, however, several instances where a more generic description of the KAM and a list of standard non-distinguishable audit procedures were provided. Auditors of companies in the bottom subset seemed to be more prone to using boilerplate language than those in the top 20 subset. Auditors situated in the UK, governed by the FRC, appeared to have spent more time describing both the identified KAM and their audit response in a specific and well-articulated fashion. As this area was outside the scope of this research, no further efforts were made in identifying or comparing the quality of reported KAMs, but in the interest of promoting best practice, a more detailed investigation of this area in future research could prove useful.

In all audit reports, KAMs were described with a heading. Sub-headings were frequently used to identify more precise details. For example, in Standard Bank Group Limited auditor's report, a main KAM is identified as "Expected Credit Losses on Corporate and Investment Banking (CIB) Loans and Advances" with sub-headings "Evaluation of SICR"; "Incorporation of macro-economic inputs and forward-looking information into the SICR assessment and ECL measurement, taking the impact of Covid-19 into account"; "Assessment of ECL raised for stage 3 exposures"; and "Input assumptions applied to estimate the PD, EAD and LGD within the ECL measurement." Where sub-headings related to the same identifiable category, this was treated as one KAM.

A total of 160 KAMs were identified. This equates to an average of 2.8 KAMs per audit report examined. Of these identified KAMs, 47% originate from the top 20 companies. More than half (54%) of all KAMs have a reference to Covid-19. When split between subsets, 53% of the high subset, 59% of the middle subset, and 50% of the low subset indicate KAMs that are linked to Covid-19. A chi-squared test reveals that there appears to be no statistical evidence (p-value = 0.71) of an association between the different subsets and the number of Covid-19-related KAMs.

Types of KAMs

Each identified KAM was qualitatively reviewed to identify its underlying nature and appropriately categorised into types of KAMs. The types, illustrated in figure 1, were identified from an extensive literature review described earlier in this article and from a similar study on KAMs performed by ACCA (2018).

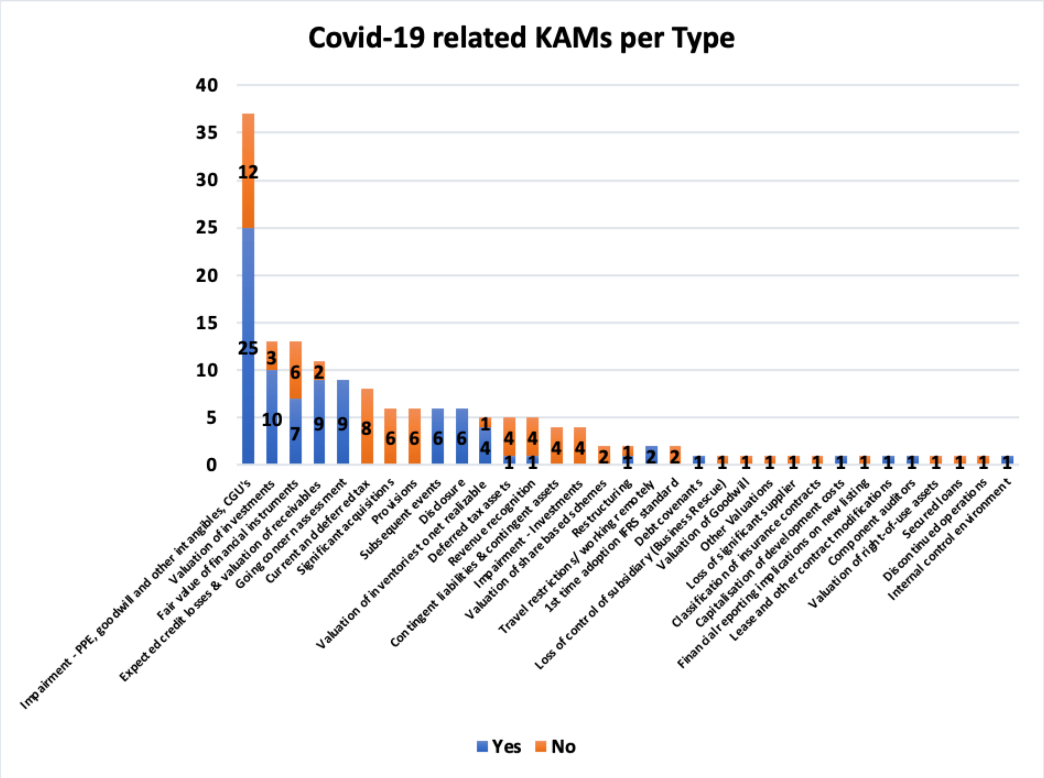

Figure 1: Frequency of KAMs per type

As figure 1 highlights, the majority of KAMs related to areas of accounting estimates including impairments; valuations of investments; fair value measurements of financial instruments; and expected credit losses. When qualitatively reviewing KAMs that had been linked to Covid-19, it was not always clear whether a given KAM would have still existed in the absence of Covid-19. It was difficult to determine whether the issue was either significant because of Covid-19, and thus included as a KAM, or whether an already significant issue was just made more significant by Covid-19 but would have been raised as a KAM regardless.[7]

In certain areas, all reported KAMs were impacted by Covid-19. These include KAMs relating to going concern assessments; subsequent events; disclosure; travel restrictions/working remotely; component auditors; debt covenants; lease and other contract modifications; the internal control environment, and capitalisation of development costs.

All focus areas identified in the literature review were identified as Covid-19-related KAMs, with one additional type created during data collection. This related to the

7 A future study comparing current KAMs to KAMs raised in the prior year's auditor's reports (pre Covid-19) may provide some insight into the dependence of these KAMs on Covid-19.

capitalisation of development costs for the development of specialised in-house software. This item was raised as a KAM due to the uncertainty of future income that could be derived from the use of the asset. Uncertainties around future income were identified in the literature review and thus, indirectly, would incorporate this item.

To facilitate statistical analysis, the types of KAMs described above were grouped further into broader categories of a similar nature (appendix 2). The grouping is shown in figure 2.

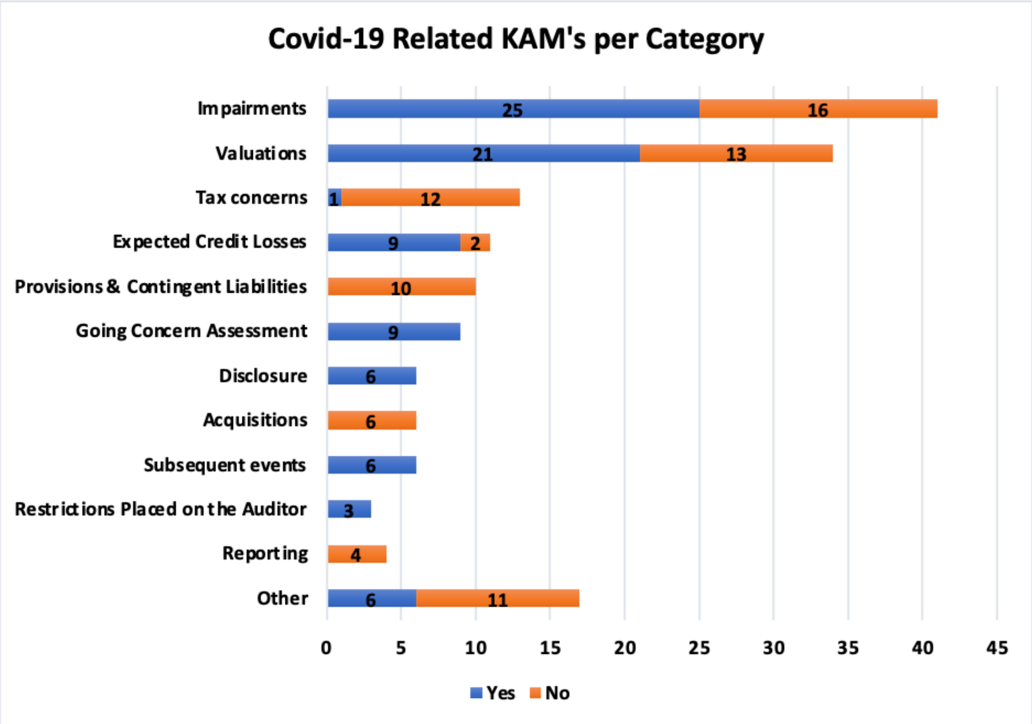

Figure 2: Frequency of KAMs per category

Impairments and valuations account for 26% and 21% of all KAMs respectively, with 61% of impairment and 62% of valuation KAMs being linked to Covid-19. While taxation concerns were raised in 12 audit reports (21%), the majority of these were due to the entity operating in several tax jurisdictions and not due to the pandemic. An impairment of a deferred tax asset due to uncertainties arising from Covid-19, was only identified in one of the examined audit reports.

The 11 KAMs relating to "Expected Credit Losses" accounted for 7% of the total 160 reported KAMs, with nine of the 11 (86%) associated with Covid-19. All nine KAMs referring to "Going Concern Assessment" were linked to Covid-19, as were all six KAMs categorised under "Subsequent Events." All six entities identifying Covid-19 as a subsequent event had a March 2020 year end with only one of the six classifying it as an adjusting subsequent event. "Disclosure"-related KAMs identified management's disclosed risks and strategies due to the pandemic, and the auditor's assessment of the accuracy and completeness of such disclosures.

Restrictions placed on the auditor included travel restrictions, working remotely, gathering of evidence and component auditors, which are all owing to the pandemic. As such, all these KAMs were linked to Covid-19. It was identified that several companies raised these issues under a "Scope" paragraph within the audit report. As these were not included in the KAMs section, they were excluded from this analysis. However, if the research were extended to include these Covid-19-related concerns, an additional 23 items would have been included under the "Restrictions Placed on the Auditor" category. This demonstrates that although not always included in the KAMs section of the auditor's report, the restrictions placed on the auditor as a result of Covid-19 influenced the scope of audits enough for several auditors to consider it necessary to raise the issue within the auditor's report.

"Acquisitions" related to significant purchases of new investments, including subsidiaries and "Reporting" to first-time adoption of IFRS standards, as well as the reporting requirements associated with a new listing on a stock exchange. "Provisions and Contingent Liabilities" contained instances of litigation including fines and penalties for environmental and tax breaches. No items in these categories were linked to the pandemic.

Fisher's exact test[8] suggests that there is statistical evidence (p-value < 0.0001) of an association between the KAM category and whether it was linked to Covid-19. This does suggest that certain types of KAMs were raised in response to the difficulties encountered during the pandemic.

Figure 3 identifies whether differences in the nature of KAMs raised due to Covid-19 vary according to the subset they belong to, being the higher, middle or lower market capitalisation subsets.

8 We use Fisher's exact test here since some of the expected cell frequencies in the KAM category versus Covid-19 cross-tabulation are less than 5. If we further group the KAM categories into items relating to accounting estimates, and those unrelated to accounting estimates, all expected cell frequencies exceed 5 and a chi-squared test of association also suggests that there is statistical evidence (p-value = 0.01839) of an association between the KAM category and whether it was linked to Covid-19.

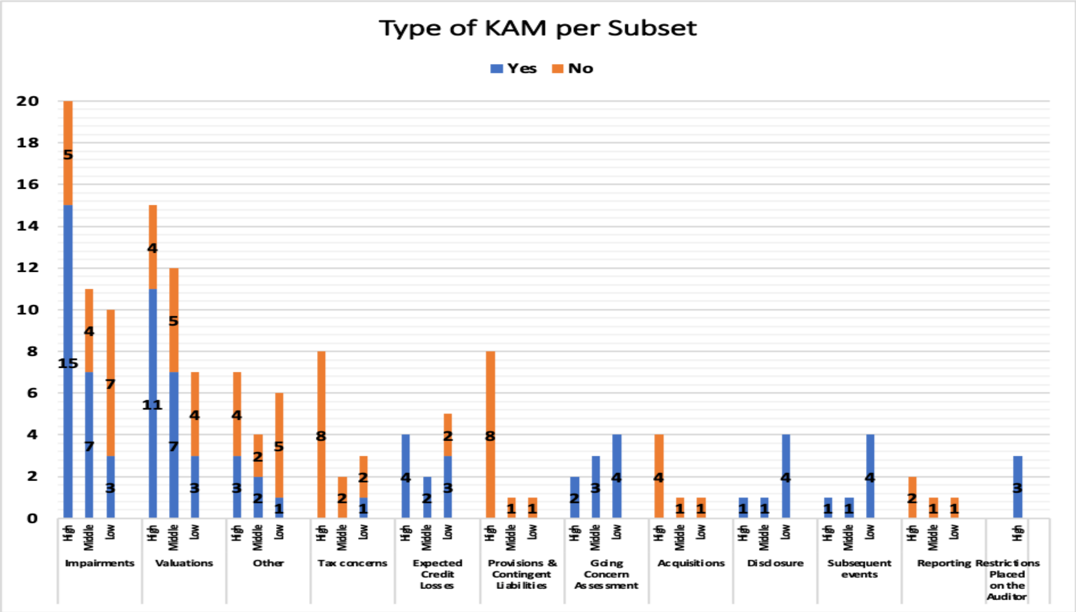

Figure 3: Frequency of KAM Category per subset

When the category of KAM reported is divided per subset, it highlights that, despite KAMs being significantly less for the "Low" subset, going concern assessment, disclosure, subsequent events and expected credit losses are disproportionately high. This indicates that the size of the entity could determine the severity of the impact of Covid-19. A smaller entity may be more susceptible to going concern risks, making the assessment of going concern more significant to the auditor.

It is also observed that all KAMs raised over restrictions of auditors are included in the "High" subset. This could be a result of the larger international presence and group structures found in large corporates. This would involve more consideration of dealing with component auditors, travel restrictions and remote audits.

Company Industry and Category of KAM raised

Due to a limited number of companies in each sector, sectors were grouped by ICB industry into 11 industries, as used by the JSE, to facilitate statistical analysis.[9] This is illustrated in figure 4.

9 https://www.jse.co.za/services/indices/icb-industry. Accessed June 16, 2021.

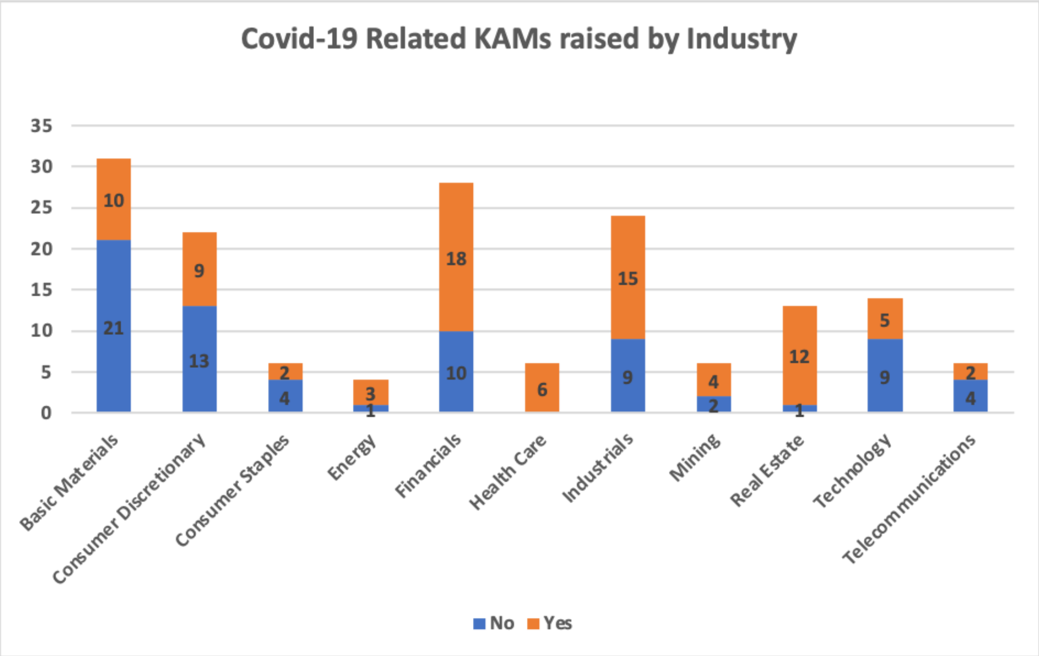

Figure 4: Number of Covid-19-related KAMS raised by Industry

Figure 4 suggests that certain industries may have been more vulnerable to Covid-19. These industries include financials, industrials and real estate.

Fisher's exact test[10] suggests that there is statistical evidence (p-value < 0.0001) of an association between the industry and whether KAMs were linked to Covid-19. This suggests that the auditor's approach, and consequently KAMs as a result of the pandemic, varied according to the industry the entity operated in. This makes sense, as industries such as healthcare would have been more directly impacted by the pandemic than consumer staples. It is interesting to note that all industries were affected to some degree by the pandemic, showing the significant impact Covid-19 had as an entirety.

10 We use Fisher's exact test here since some of the expected cell frequencies in the KAM category versus Covid-19 cross-tabulation are less than 5.

Material Uncertainty Relating to Going Concern

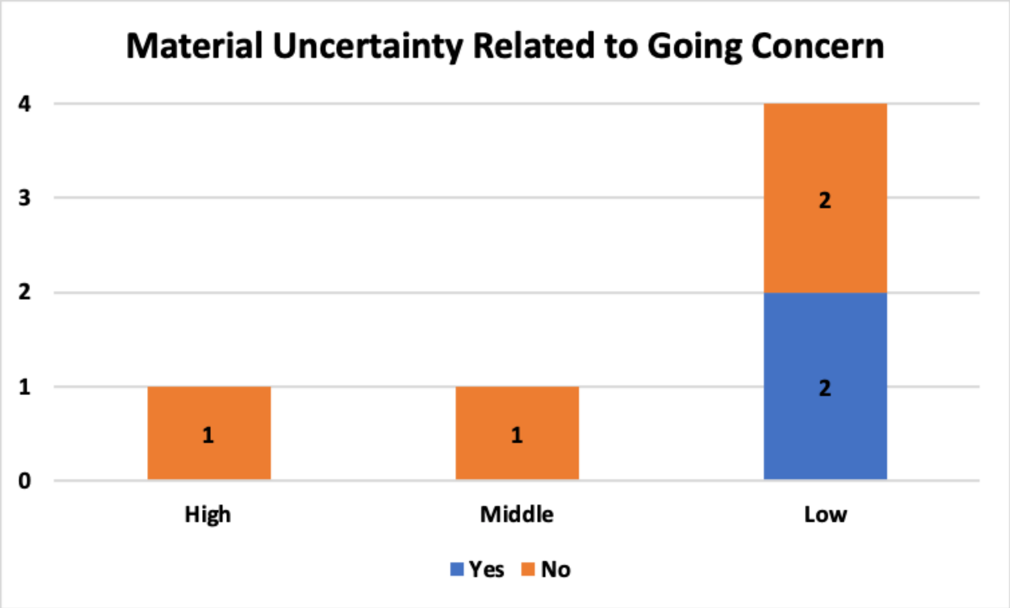

Figure 5: Material uncertainty related to going concern paragraphs raised per subset

Figure 5 identifies all entities that had a "Material Uncertainty Related to Going Concern" paragraph in their audit report. Six of the analysed auditors' reports had a "Material Uncertainty Related to Going Concern" paragraph. Four of these were included in the "Low" subset, with two described in the "Material Uncertainty Related to Going Concern" paragraph as being impacted by Covid-19. While it is worthy to note the distribution of the "Material Uncertainty Related to Going Concern" paragraphs, there are too few observations in this research to run any statistical tests or draw any conclusions.

Conclusion

An analysis of KAMs in a selection of JSE-listed companies' auditors' reports issued during the first year of the Covid-19 pandemic, suggests that Covid-19 has had a significant effect on audits. More than half of the identified KAMs raised were linked to Covid-19.

The majority of KAMs originated from the top 20 listed companies, but no statistically significant association between the individual subsets and impact by Covid-19 was identified, showing that all audits were affected by Covid-19 regardless of the size of the entity.

Most KAMs raised were due to accounting estimates, and these also accounted for the majority of Covid-19-associated KAMs. This implies that the audit verification of the accuracy of accounting estimates became increasingly difficult due to the difficulty of predicting future cashflows as a consequence of the uncertainty brought about by the pandemic. The KAMs suggested that in order to address this higher uncertainty, there was an increased reliance on industry experts, including valuators and actuaries. An increase in disclosure around the assumptions used and the increased subjectivity and variances as a result of the volatile environment were also referred to, with auditors increasing the time they spent in verifying the accuracy and sufficiency of this disclosure in the financial statements.

A statistically significant association was found to exist between the type of KAM and whether it was linked to Covid-19. Descriptive statistics revealed that Covid-19-related KAMs, describing restrictions placed on the auditor, were proportionately higher in the top 20 subsets, while those referring to going concern and subsequent events were higher in the bottom subset. This suggests that larger entities are less susceptible to going concern threats, even during turbulent times, and where the pandemic was seen to be a subsequent event, this was not viewed as being a matter of most significance during the audit. On the other hand, larger entities are more likely to be multinational with different component auditors and would thus be more influenced by restrictions such as lockdowns taking place globally. The auditor's approach to address these restrictions was to rely more on technology to conduct online meetings and obtain audit evidence electronically. The auditors perceived these remote auditing techniques to be adequate in obtaining sufficient, appropriate audit evidence and it will be interesting to determine whether these techniques are carried forward in future periods. This could increase efficiency and lower the costs of future audits. Further research in this area would prove valuable as a means of evaluating whether audit risk could be reduced to an acceptable level during remotely conducted audits.

A statistically significant association was found to exist between the industry in which the company operates and the number of Covid-19-related KAMs raised. It is evident that certain industries were affected more by the pandemic than others. Entities relying on estimates, such as the financials industry in determining future cash flows or expected credit losses from customers, would have difficulty in making predictions in the uncertain environment. Other industries, such as tourism and airlines, faced severe cashflow shortages after being forced to cease operations during lockdowns. This increased the risk of material uncertainty related to going concern. In these cases, auditors had to rely heavily on experts who themselves were carrying increased risks and variation ranges in their computations. In these significant matters, auditors tended to address the issues by focusing on the adequacy of disclosures made to the users with the view that if disclosures were transparent and unbiased, this should allow the user to understand the element of uncertainty in the figures themselves.

Of the 58 audit reports reviewed, six contained a "Material Uncertainty Related to Going Concern" paragraph. Four of the six were a part of the bottom subset, with two of these being linked to Covid-19. This does appear to indicate that not only is a smaller entity more susceptible to going concern threats, but that the impact of Covid-19 increased the likelihood of these threats.

Other possibilities for future research were identified during this study. For the purpose of promoting best practice, an examination of the quality of raised KAMs in relation to the audit firm and audit jurisdiction would provide insights into alternative and more effective audit reporting methods. To identify the magnitude of the effect of Covid-19 on KAMs, longitudinal comparison of post-pandemic audit reports with their previous pre-pandemic reports would investigate the likelihood of KAMs (which have been linked to Covid-19) having persisted regardless of the pandemic. A larger selection of companies containing a "Material Uncertainty Relating to Going Concern" paragraph in their audit report could provide statistical evidence on the impact of Covid-19 and entity size in the significance of a company's risk regarding going concern.

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Appendix 1: JSE-listed companies selected on 29 April 2021

	Full Name	MarketCap	Sector	Part
1	Prosus N.V.	2.64953E+12	Software & Computer Services	H
2	Anheuser-Busch InBev SA/NV	1.58601E+12	Beverages	H
3	Naspers Ltd.	1.47906E+12	Software & Computer Services	H
4	British American Tobacco plc	1.39512E+12	Tobacco	H
5	BHP Group plc	9.1113E+11	Mining	H
6	Glencore plc	8.584E+11	Mining	H
7	Anglo American plc	8.0908E+11	Mining	H
8	Compagnie Financiv®re Richemont SA	7.6212E+11	Personal Goods	H
9	Anglo American Platinum Ltd.	5.643E+11	Mining	H
10	FirstRand Ltd.	2.9528E+11	Banks	H
11	Vodacom Group Ltd.	2.463E+11	Mobile Telecommunications	H
12	Impala Platinum Holdings Ltd.	2.2258E+11	Mining	H
13	Sibanye Stillwater Ltd.	2.098E+11	Mining	H
14	Standard Bank Group Ltd.	2.075E+11	Banks	H
15	Kumba Iron Ore Ltd.	1.9493E+11	Industrial Metals & Mining	H
16	Mondi plc	1.845E+11	General Industrials	H
17	MTN Group Ltd.	1.6427E+11	Mobile Telecommunications	H
18	Capitec Bank Holdings Ltd.	1.5441E+11	Banks	H
19	South32 Ltd.	1.4919E+11	Mining	H
20	Sasol Ltd.	1.42E+11	Chemicals	H
1	Oando plc	3720000000	Oil & Gas Producers	M
2	Metair Investments Ltd.	3570000000	Automobiles & Parts	M
3	Brait SE	3510000000	Financial Services	M
4	Grindrod Ltd.	3460000000	Industrial Transportation	M
5	Clientv®le Ltd.	3340000000	Life Insurance	M
6	Exemplar REITail Ltd.	3120000000	Real Estate Investment Trusts	M
7	Tsogo Sun Hotels Ltd.	3110000000	Travel & Leisure	M
8	RFG Holdings Ltd.	3010000000	Food Producers	M
9	Sygnia Ltd.	2990000000	Financial Services	M
10	ArcelorMittal South Africa Ltd.	2980000000	Industrial Metals & Mining	M
11	Mpact Ltd.	2980000000	General Industrials	M
12	Heriot REIT Ltd.	2950000000	AltX	M
13	Kaap Agri Ltd.	2860000000	General Retailers	M
14	Schroder European Real Estate Investm	2720000000	Real Estate Investment Trusts	M
15	AfroCentric Investment Corporation Lt	2700000000	Health Care Equipment & Servic	M
16	City Lodge Hotels Ltd.	2670000000	Travel & Leisure	M
17	Homechoice International plc	2630000000	General Retailers	M
18	Caxton and CTP Publishers and Printer	2575540000	Media	M
19	Long4Life Ltd.	2550000000	Financial Services	M
20	Renergen Ltd.	2530000000	AltX	M
1	Labat Africa Ltd.	139350000	Industrial Transportation	L
2	Putprop Ltd.	135710000	Real Estate Investment & Servic	L
3	South Ocean Holdings Ltd.	132130000	Electronic & Electrical Equipme	L
4	ISA Holdings Ltd.	127940000	AltX	L
5	Europa Metals Ltd.	127740000	AltX	L
6	Randgold & Exploration Co Ltd.	111130000	Mining	L
7	Advanced Health Ltd.	69120000	AltX	L
8	Hulisani Ltd.	69000000	Nonequity Investment Instrume	L
9	TeleMasters Holdings Ltd.	65650000	AltX	L
10	Ellies Holdings Ltd.	62020000	Electronic & Electrical Equipme	L
11	Nictus Ltd.	53440000	General Retailers	L
12	AH-Vest Ltd.	53030000	AltX	L
13	Jasco Electronics Holdings Ltd.	43570000	Software & Computer Services	L
14	SilverBridge Holdings Ltd.	43330000	AltX	L
15	CAFCA Ltd.	33390000	Electronic & Electrical Equipme	L
16	Imbalie Beauty Ltd.	27680000	AltX	L
17	Luxe Holdings Ltd.	27100000	Travel & Leisure	L
18	Spanjaard Ltd.	22720000	Chemicals	L
19	Go Life International Ltd.	18000000	AltX	L
20	African Dawn Capital Ltd.	8270000	AltX	L

Appendix 2: Types of KAMs identified

	COVID-19 Related identified in literature review	**Combined Category**
1	Subsequent events	Subsequent events
2	Going concern assessment	Going Concern Assessment
3	Internal control environment	Other
4	Fair value of financial instruments	Valuations
5	Valuation of inventories to net realizable	Valuations
6	Valuation of investments	Valuations
7	Expected credit losses & valuation of receivables	Expected Credit Losses
8	Deferred tax assets	Tax concerns
9	Impairment - PPE, goodwill and other intangibles, CGU's	Impairments
10	Impairment - Investments	Impairments
11	Provisions	Provisions & Contingent Liabilities
12	Contingent liabilities & contingent assets	Provisions & Contingent Liabilities
13	Debt covenants	Other
14	Revenue recognition	Other
15	Lease and other contract modifications	Other
16	Government grants and assistance	Revenue Recognition
17	Travel restrictions/ working remotely	Restrictions Placed on the Auditor
18	Inventory count observations	Restrictions Placed on the Auditor
19	Evidence collection	Restrictions Placed on the Auditor
20	Restructuring	Other
21	Component auditors	Restrictions Placed on the Auditor
22	Disclosure	Disclosure
	COVID-19 Related not identified in literature review	
23	Capitalisation of development costs	Other
	Not Covid-19 related	
24	Loss of control of subsidiary (Business Rescue)	Other
25	Significant acquisitions	Acquisitions
26	Loss of significant supplier	Other
27	Classification of insurance contracts	Reporting
28	Valuation of right-of-use assets	Valuations
29	Current and deferred tax	Tax concerns
30	Valuation of Goodwill	Valuations
31	Other Valuations	Valuations
32	1st time adoption IFRS standard	Reporting
33	Secured loans	Other
34	Financial reporting implications on new listing	Reporting
35	Valuation of share based schemes	Other
36	Discontinued operations	Other