



# Institute of Chartered Accountants of Nepal (ICAN) Quality Assurance Board (QAB)

## Audit Quality Assurance Review Protocol

(For Pandemic Situation)

### 1. General Information

World is facing the pandemic situation due to COVID-19 (Corona Virus) from March 2020. Nepal has recently announced some relaxation in lockdown but the circumstances are still not predictable for the future. This pandemic situation has posed risks to the existing work modality across different spheres of organizations and businesses. We have to create the new normal environment to cope with the condition.

Quality Assurance Board (QAB) in ICAN is not aloof from the impact of Covid-19. QA review visits, which are the essential component of the audit quality monitoring, are at halt. But, as the government has relaxed strict lockdown measures to some extent, QAB is considering regularizing the visits with minor adjustment to the review process while complying with travel related restrictions and social distancing measures at the same time.

### 2. Purpose of Review Protocol

In the above backdrop, QAB has prepared this Protocol to guide the reviewer and audit firm to be able to complete the reviews of firms in the situation of pandemic complemented by eased restrictions of government.

This Protocol is approved by QAB vide its 26th meeting dated 01 July 2020.

### 3. Current Situation for QA Review Visits – Posed by Covid-19

The chief components of QA review visits are reviewers, firm visits, documentation in audit firms and firm personnel. They are affected in the following ways:

While ICAN has resumed its operation and QA reviewers have managed to be at offices, the firms may have different situation still as both the fear and restrictions are still not all gone. The situation at firms may be:

- Firms may not have opened their offices.
- They might have adopted working from home strategy and firm personnel may be working remotely.
- They might have been operating offices with a very limited staffs than usual.
- Firm personnel may not have been able to come to the office due to travel related restrictions.



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- They might have been adopting strict safety measures while allowing access to strangers and other people in the office.

Considering such situation, QAB at ICAN is considering some changes in working procedure with regards to the review approach and methodology which follows in the points below.

### 4. QA Review in Pandemic Situation

There are not going to be many changes in the review process. But, some changes are expected to be there in the ways on how those processes are executed.

When the firms receive at least 15 days prior notice, the firms will also be provided this Protocol and be asked to make a choice between either of the options of review methodology as specified in Point no. 5 below. The firm has to communicate the choice of the option in response to the same through email or telephonically.

### 5. Options for Review Methodology

#### Option 1: Reviewers visiting the firms as usual

##### How it works:

- Reviewers will make a visit to those firms which are or can be opened and proprietor/partner and audit manager is/are available to co-operate the review.
- If the travel related restrictions get extended / stringent, the days of review work will be mutually agreed upon considering the travel requirements for reviewers as well as partners.
- All social distancing measures including personal protective measures (like use of masks, sanitizers and hand wash) will be adhered to for which logistic cooperation is also expected from firms.
- Meetings and discussion will be conducted keeping at least 6 feet of distance between the participants. The proprietor or at least a partner of the firm must be available for entry and exit meeting in person and at least once a day in other review days.

#### Option 2: Submitting selected audit files to ICAN for review purposes and use of virtual communication

##### How it works:



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- Files needed to be handed over to ICAN QA Unit before 1 day of the scheduled review date. The documents contained in the file submitted should be properly indexed and initialed.
- Firm's representative should the audit files along with inventory list of chief documents in the audit file. Staff at QAB Unit in ICAN will sign the copy of the same and provide it to the firm's representative after brief look at the audit file.
- Entry meeting, Exit meeting and meeting at the end of each day is to be scheduled with at least a Proprietor/Partner at informed time via Google meet or Zoom or Viber as mutually agreed prior to the scheduled review date. It is for the purpose of making inquiries, if any, to be made by the reviewer and to allow the firm to provide necessary clarifications, evidences and help better understanding of the reviewer.
- The partner or firm personnel may provide soft copy audit documents and any explanation thereof through email attachments. Firm personnel may wish to share very confidential documents if any through screen sharing mode.
- Firm should collect the files delivered to ICAN QA Unit within 7 days from the date of completion of exit meeting.
- Utmost confidentiality and security of the audit files handed over to ICAN will be maintained.
- The QA Unit makes efforts to ensure that quality assurance review activities do not impede the firm's normal functions.

### 6. Other Review Process

All other review steps and processes except mentioned in this Protocol will be as usual as provided in our Audit Quality Assurance Review Procedure 2073 and Quality Assurance Unit Procedures Manual 2076. This Protocol without overriding the provisions of the above mentioned Procedures and Manual provides for additional or alternative arrangements for completing the QA reviews of firms in pandemic situation.

### 7. Validity period

The validity period of this Protocol will be until the final lifting of all sorts of lockdown by the government. In other words, the review visits will be conducted as usual when the government lifts the lockdown. However, reviewers and the firm personnel may wish to continue applying personnel protective measures as long as they wish for.