Some organizations have been experimenting with remote auditing for years, while exploring new auditing techniques and optimizing the use of technology. However, few organizations had implemented remote auditing fully prior to the ongoing COVID-19 crisis, which has forced quick and prompt adaptation and adjustment of the traditional approach to internal auditing.

The world we have known has changed drastically. Countries have taken strict measures to tackle this invisible enemy, going as far as closing their borders and asking citizens to stay home. These current conditions have impacted our societies, resulted in an economic setback felt all around the world and have forced a rethink of the status quo. Many organizations have put their audit work on hold. Yet, given the adjusted risk landscape and changes in procedures, it is imperative that internal audit resumes its assurance function to contribute to organizations response to the changes. However, travel restrictions and increasing obligations to work from home implies that remote auditing is no longer an option, but a necessity!

At KPMG in Nigeria, we were able to perform audits remotely, despite the movement restriction. Though, this requires adjustments to the traditional internal audit approach, it has been proven to be equally effective and perhaps more efficient. This article aims to share some insights that will help in adapting internal audit processes to meet the requirements of remote auditing.

“Some might still think that remote auditing is a temporary adjustment. But is it rather here to stay?”
How should internal audit approach remote auditing?

Plan: reassess the priorities within your internal audit planning

First and foremost, the Company’s annual internal audit plan should be reviewed in light of the current circumstances. There might be an increased need for consulting activities e.g. related to business continuity management (BCM) or crisis management. The COVID-19 outbreak has shaken up entire business operations, processes have been adjusted to this new situation and new risks have entered the risk landscape of organizations. Therefore, it is essential that internal audit takes up a proactive role by challenging the business and giving insights in relation to new risks but also challenging changed or back-up processes, changes in the internal control environment, etc.

The best way to refresh your internal audit focus is to perform a Rapid Risk Assessment by keeping these main questions in mind when approaching different levels of stakeholders within the organization:

<table>
<thead>
<tr>
<th>Stakeholder</th>
<th>Key questions</th>
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<tbody>
<tr>
<td>Process owners</td>
<td>• What changes have been made to key processes to accommodate business exigencies? For example, what changes have been made to normal divisions of responsibilities due to availability of staff?</td>
</tr>
<tr>
<td></td>
<td>• How did these changes impact the control environment?</td>
</tr>
<tr>
<td></td>
<td>• Which issues were encountered as a result of the business changes?</td>
</tr>
<tr>
<td></td>
<td>• What new tools have been adopted to perform day-to-day activities?</td>
</tr>
</tbody>
</table>
Senior management

- What are the top risks related to this crisis for the business?
- Which cost-cutting measures are being implemented?
- Where are there concerns that changes made may have unforeseen implications?
- What are the main strategic risks that have been observed and what role could IA play in this?

Audit committee

- Which areas of the business are of most concern?
- What are the main strategic risks that have been observed and what role could IA play in this?

KPMG recently launched a publication on Navigating the Pandemic. This material could serve as a guide in evaluating the changes that have occurred to the business risk landscape. Click here to access the publication.

Prepare: Invest sufficient time in preparing for the audit and clarifying the new process

On every audit assignment, the auditor has to take into account some key questions such as: who are my key stakeholders, what information is already available, etc. These remain relevant in a remote audit. In addition, the following points should also be considered:

- **Check availability of auditees:** Check availability of key stakeholders. How will we cope with differences in time zones, if any? Which impact does the new situation have on their work schedule and availability?
- **Use of tools:** Which channels will be used for interaction? It is important not to forget the visual aspect of a meeting. Therefore, it is really important to thoroughly investigate the different tools available, such as video teleconferencing, to enhance the communication with auditees.

In addition, it is also important to look into a secure and user-friendly solution for document sharing. For the tools that will be used, it’s important to ensure that they are in line with the required security and confidentiality guidelines (confirm with the IT security department) and that they are easily accessible to all auditees. It might be good to anticipate any issues by testing beforehand.
• **Planning of the audit:** As a baseline, we would recommend keeping the duration of remote audits concise by limiting the scope to key risks. It’s better to split the audit into two and spread them over the year; as a remote audit might require more investment from auditees. In contrast to on-site audits, the effects of technical issues (e.g. connectivity, sound quality, etc.) could have a larger impact and may require more time to resolve.

• **Clarify the new process:** An important matter to consider is the kick-off meeting with all stakeholders where the scope and planning of the audit are discussed.

The remote audit approach should be clearly explained to the participants, as well as the differences with face-to-face audits. How and when will the information be shared in the future? Which medium will be used? Are there elements to consider related to confidentiality or authorizations? These are some of the questions auditors should be addressing.

**Execute: optimize use of available tools during execution of the audit**

The execution phase of a remote audit is quite similar to that of a traditional audit. With the main differences being that video conferencing will replace the interviews and documentation needs to be transferred through a document sharing platform. This requires some adjustments from the auditors and the auditees. Keeping some of the points below in mind will facilitate the audit execution process:

**Video conferencing tools:** Video conferencing tools will replace face-to-face interviews. When selecting a tool, make sure that access to as well as data transferred through these tools is sufficiently secured. In selecting a suitable tool and planning video meetings, it is important to factor in the following guidelines:

• Avoid long and intensive video conferences as they can be more tiring than on-site ones. Try to split them into several sessions around different topics.

• Keep the number of simultaneous participants to a minimum and mute those that are not speaking.

• Anticipate the effects of technical issues (e.g. connectivity, sound quality, etc.) by testing beforehand.

• Ensure the internal audit team is familiar with the functionalities of the tool and be able to guide people having difficulties with, for example, their camera or sharing their screens or documents, etc.

• Not everyone is comfortable talking through video, so try to create a relaxed atmosphere and set the right tone.

• Investigate the possibility of recording video sessions, to facilitate documentation. If the interview will be recorded, make sure to get the consent of the participants beforehand and consider data security and privacy issues.
• Last but not least, especially in these times, interaction and attention to personal circumstances is of great importance. Being understanding and empathetic can go a long way.

**Document sharing platform:** Digital files could be uploaded on a shared platform or the remote auditor could receive temporary access to the databases of the audited firm. It is however crucial that sufficient attention is paid to the following points:

• Accessibility and security of the platform as well as confidentiality of the information provided. Make sure access is sufficiently restricted and secured by encrypting the data that is sent across the network (in transit), preferably end-to-end; enforce multi-factor authentication and make sure that information is removed in a timely manner from the platform and stored according to applicable archiving standards and data protection requirements.
• Any restrictions that might be in place on data accessibility and transfer between countries.
• While a remote audit requires digital documentation, it is possible that auditees maintain paper records. The digitalization of these records can be time consuming. Which is why the burden for auditees should be minimized by being flexible and providing alternative solutions for information sharing.

**Other sources of information:** Where needed, the use of additional tools and sources of information can be considered. For example, an auditee can walk the auditor through the warehouse using the video on their mobile phone. Internal auditors could also make use of security cameras in the building. In the exceptional cases where physical presence remains necessary and no other options are available, the use of local resources (internal or external) can be considered.

**Alignment with the auditee:** While working remotely, it is even more important to keep in close contact with the auditee to remain aligned. Schedule recurring short meetings (e.g. daily or once every other day) to discuss the status of the audit but also to capture any worries or concerns.

“Executing a remote audit might be challenging, but practitioners are still required to meet the auditing standards and the same quality and documentation standards will have to remain in place.”
Report: revisit the reporting protocols

Communication is crucial throughout every audit. Especially with remote audits, audit teams should be clear and consistent in their communication. For remote audits, reporting protocols might need to be revisited with regard to their frequency and the way in which audit teams report to the auditee as sufficient interaction is crucial. Internal auditors should certainly pay attention to the following points:

- **Focus on key risks:** As businesses are already distressed, focus should be put on key risks rather than overloading them with lower risk findings. Additionally, the internal audit team should acknowledge that management has potentially limited capacity to remediate these issues on short notice.

- **Validation of findings:** Each observation needs to be discussed and validated with the auditees before finalizing the report. This is important because the use of video conferences may lead to misunderstandings between participants. Any feedback received should be incorporated in the report, and previously identified risks and opportunities should be updated accordingly.

- **Documentation of new process:** It is also important to capture the extent to which different tools were used during the remote audit and whether they were effective or not in achieving the audit objectives. If for any reason, some processes could not be audited remotely, this should be mentioned too.

Once the audit is concluded, practitioners should debrief on the remote audit procedure to assess its effectiveness and to identify opportunities for improvement.

**Practical experiences from conducting remote audits**

From our experience in conducting remote audits as well as that of our audit clientele, below are some of several challenges encountered and suggested ways of addressing them:

<table>
<thead>
<tr>
<th>S/N</th>
<th>Common Challenges</th>
<th>Suggested Mitigants</th>
</tr>
</thead>
</table>
| 1   | Delay in receiving information, which was harder to fast track remotely | • Send out the information request well in advance of the audit and commence upon attaining a predefined level of collection  
• Develop and share daily status update on the level of information received with process owners  
• Obtain read-only access to the ERP system  
• Set up shared folders for large documents which exceed email limits. |
<table>
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<tr>
<th>S/N</th>
<th>Common Challenges</th>
<th>Suggested Mitigants</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>Inability to access required paper-based information</td>
<td>• Circulate the information request well in advance of the audit to provide process owners with sufficient time to obtain and scan the requested information</td>
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<tr>
<td></td>
<td></td>
<td>• Leverage Data &amp; Analytics for audit sampling and obtaining the minimum amount of audit evidence, which are both sufficient and appropriate</td>
</tr>
<tr>
<td>3</td>
<td>Inadequate team collaboration</td>
<td>• Schedule audit team meetings prior to audit commencement to communicate and agree scope as well as expectations</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Conduct periodic team update meetings using Microsoft teams</td>
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<tr>
<td></td>
<td></td>
<td>• Demonstrate concern for the welfare of team members and have periodic virtual team hangouts</td>
</tr>
<tr>
<td>4</td>
<td>Communication difficulties with process owners, particularly with obtaining clarifications and feedback</td>
<td>• Periodic status update notifying process owners of findings, audit progress and challenges</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Schedule online calls with process owners to review and validate observations raised</td>
</tr>
<tr>
<td>5</td>
<td>Unavailability of key process owners or audit support staff</td>
<td>• Agree with the audit sponsors on the need to adequately staff the audited units and obtain their full back in</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Agree timelines with process owners on when information should be provided based on their current capacity</td>
</tr>
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</table>
In addition to the above challenges, below are some of the risks we have identified with remote auditing and suggested ways for mitigating them:

<table>
<thead>
<tr>
<th>S/N</th>
<th>What could go wrong?</th>
<th>Suggested Mitigants</th>
</tr>
</thead>
</table>
| 1   | Information security                          | • Limit ERP access rights granted to the audit team to read-only access  
• Prohibit use of personal email accounts to receive or send out audit information  
• Use a secure virtual private network (VPN) to receive or transmit information via email or shared drive |
| 2   | Integrity of audit evidences obtained         | • Solicit tone at the top in ensuring that all process owners are informed of the implication of tampering with audit evidences to deter them from doing such  
• Obtain information from only credible sources, taking into consideration provider’s independence, objectivity, etc.  
• Corroborate and conduct multi-level confirmation with additional and independent departments for high risk or suspected instances. |
| 3   | Overrun of pre-agreed audit timeline          | • Reassess the audit scope considering current realities  
• Proactively engage with process owners and project sponsors on audit challenges  
• Leverage data and analytics in fast tracking reviews e.g. use of automated process review dashboard |
| 4   | Insufficient data                             | • The company needs to provide adequate data for the auditors to cater for the increased usage during the remote audit. Subscription to a good internet company is a must. |
Remote auditing tools

The internal audit team should review and select tools that can aid remote auditing. Some of these tools are free while others may need to be purchased and sometimes require senior management’s approval (depending on the cost). By utilising tools that enable collaboration internal audit practitioners can efficiently work with process owners to execute audit in a remote environment. Such useful collaboration tools include:

<table>
<thead>
<tr>
<th>Objectives</th>
<th>Sample Tools</th>
</tr>
</thead>
<tbody>
<tr>
<td>Video conferencing</td>
<td>Skype for business, Zoom, Teams, Cisco WebEx, etc.</td>
</tr>
<tr>
<td>Document sharing</td>
<td>Official email, Secured shared drives, Dropbox business, Confluence, Files.com</td>
</tr>
<tr>
<td>Online voting</td>
<td>Polleverywhere, Slido, eBallot, Microsoft forms, Microsoft teams quick poll</td>
</tr>
<tr>
<td>Data and analytics</td>
<td>PowerBI, ACL, IDEA</td>
</tr>
<tr>
<td>Audit management</td>
<td>Teammate, Galvanize AuditBond, LogicManager, Audit 360</td>
</tr>
</tbody>
</table>

Looking ahead

While for many organizations measures such as these are implemented on a temporary basis, it is very likely that (some of) these new ways of working are here to stay.

Consequently, Internal Audit functions are encouraged to embrace a more agile and risk-based approach which comprises more targeted/risk-based planning, shorter, sharper internal audit reviews, increased collaboration among auditees as well as concise and timely reporting of observations. By applying an agile risk-based method, the effectiveness of the internal audit function can be increased, and the lead time of an audit can be reduced.

It is also important to set-up the remote audit process (as well as the related tools) as thoroughly as possible with long term success in mind, thinking not only in terms of weeks or months, but also years. It is worthwhile investing in relevant tools and technology to better support this process.

Also refer to the Institute of Internal Auditor’s (IIA) publication on ‘Remote Auditing Guidance for Internal Auditors in Africa during and after COVID-19’ for more guidance.
Below are some of our thought leaderships in KPMG that are relevant to internal auditors and other business assurance professionals

**COVID-19 a business impact series** – To help you understand your exposure to COVID-19, and more importantly, position your business to be resilient in the face of this and the next global threat, please review timely insights from KPMG business leaders. Click on [COVID-19 – A Business Impact Series](#) for access.

**Top 10 Considerations for Business Assurance Leaders** – While we are hopeful that Nigeria and the world at large will emerge stronger from this significant challenge, we recognise that there are some key questions that require immediate response and action from Business Assurance Leaders which comprise Heads of Internal Audit, Risk Management, Internal Control and Compliance functions. Click on [Top 10 Considerations for Business Assurance Leaders](#) for access.

**Navigating the pandemic; A board lens** – Navigating the uncertainty of a pandemic crisis requires organisations to focus on people, cashflow and operations while keeping sight of the bigger picture. Click on [Navigating the pandemic; A board lens](#) for access.


**On the 2019 Audit Committee Agenda** – Drawing on insights from our interactions with audit committees and business leaders over a twelve-month period, we highlighted six items that audit committees should keep in mind as they consider and carry out their agendas: Click on [“On the 2019 Audit Committee Agenda”](#) for access.

**Enhancing the strategic value of IA** – This KPMG survey revealed that Chief Financial Officers and Audit Committee Chairmen (executive stakeholders) envisage a more strategic role for Internal Auditors than the auditors see for themselves, and it is up to Internal Auditors to take the initiative and broaden their responsibilities. Click on [Enhancing the strategic value of IA](#) for access.
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