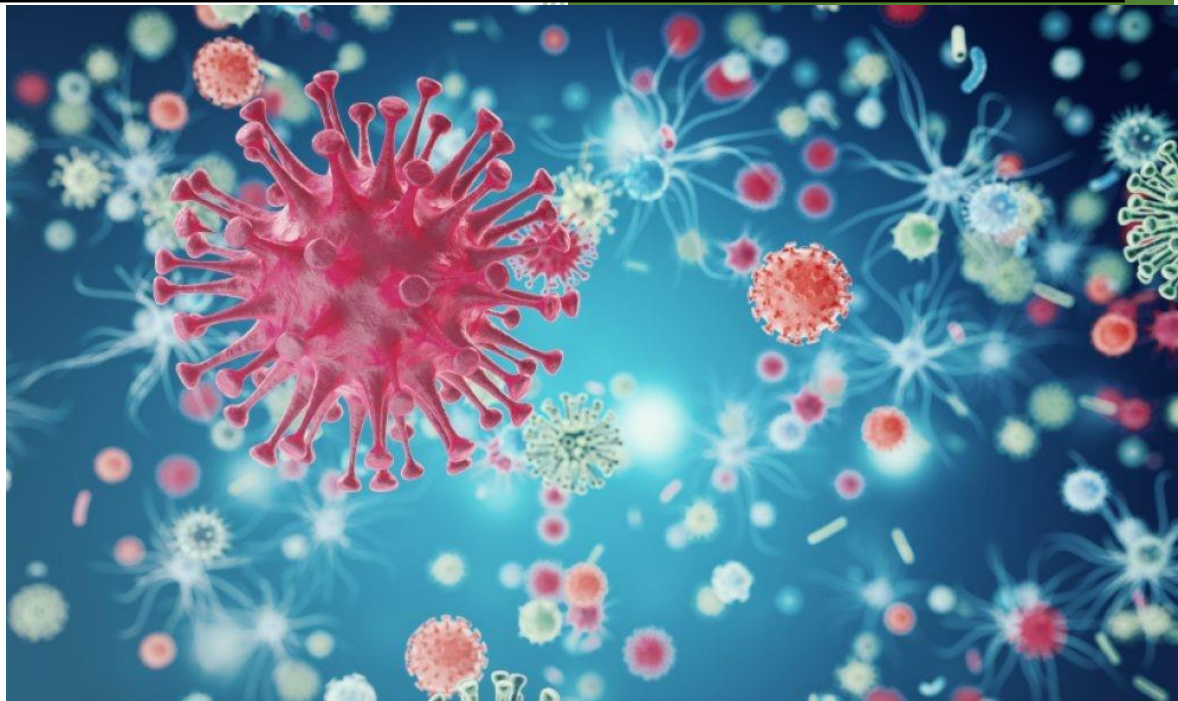


The Effects of COVID-19 Pandemic on SAIs – A Caribbean Perspective.



CAROSAI

5/26/2020



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THE EFFECTS OF COVID 19 ON SAIs WITHIN CAROSAI

INTRODUCTION

The COVID-19 Pandemic is more than a Health Crisis; it impacts the political, social, economic, religious and financial structures of the whole world. Due to the impact the Pandemic has on the world, the audit practices have also changed.

A survey¹ was done among the CAROSAI membership to explore the effect that the COVID 19 Pandemic has on the SAIs within CAROSAI and what are some of the strategies and recommendations that could be used to reduce the effect of the SAIs to continue producing high quality audits and enhance Stakeholder engagement. Twenty-two (22) of twenty-three (23) SAIs or 96% responded to the Survey.

EXECUTIVE SUMMARY

SAIs have been challenged with working and keeping their mandate due to the effects of the COVID-19 Pandemic. All SAIs, like the rest of world, have been affected in one way or another, whether by the impact on their operation; lack of information technology; knowledge gap or cyber threats.

Impact on Operation

During the period of the Pandemic, countries have introduced restrictions to their citizens in accordance with those recommended by the World Health Organisation. Most SAIs staff had to work from home, work on shifts to maintain physical distance and some ceased operations due to lack of portable IT equipment and remote access to internal files and auditee files.

Response to the Impact

All SAIs introduced measures to protect their staff by ensuring compliance guidelines promulgated by the Health Ministry were immediately adopted and implemented. Many SAIs took steps to ensure physical distancing, provided staff with sanitisers and mask and disseminated updated information from the Health Ministry in order to minimise the risk of

¹ The survey was conducted between May 15, 2020 and May 22, 2020



the virus spread. Further, members of staff of SAIs were encouraged to work from home where possible. SAIs promoted teleworking, team management application and staggered working hours.

On the other hand, few SAIs rapidly adopted new audit techniques to ensure that despite the disruption the SAI continued to add value to Government's governance process. Two SAIs are undertaking real time audits of their Government's COVID-19 relief packages. Whereas, an additional six SAIs are auditing the issuance of stimulus packages.

On the social side some SAI's helped to raise awareness of citizens about COVID-19 by disseminating information about the virus and its social and economic impact. One SAI in particular volunteered to sort and distribute medical, food and other supplies.

Lessons Learnt

The majority of SAIs identified technology as the unexplored game changer. SAIs cited the need to have a working knowledge of the different technologies which may be used to enhance the delivery of SAIs' mandates. The COVID-19 pandemic jettisoned SAI's operations into the era of Information technology. SAIs have expressed that they recognise the importance of technology to the audit process as a means of improving the efficiency, facilitating review of wider audit scope and supporting remote working. SAIs also expressed the need to have robust continuity plan to minimise the operational risk of the SAI and to remain relevant during disasters. One SAI has also indicated that to be effective in a Pandemic, there needs to be knowledge on how to conduct remote audit, whether by applying the real time or historic audit technique.

Staff should always be trained on the latest auditing techniques to perform high quality audits and enhanced SAI-Stakeholder engagement for greater audit impact.

Needs of SAIs

All SAIs need support in the improvement of their IT systems. Only eight SAIs have remote access to their internal system. Consequently, the majority of SAIs are not in a position for their staff to effectively work from home. However due to the instability of internet access in some countries, remote access to information still created a difficulty. Seven SAIs indicated that they do not have access to laptops.

Some SAIs expressed the desire to receive further guidance in improving their audit techniques and methodologies. Since this is a new Pandemic the SAIs are forced to do remote audits, however most are unfamiliar with the process and indicated that they will require training.



Of all the SAIs surveyed only two have data security against cyber threats. So where there is the need for proper Information technology equipment that need must be supported with secure data protection.

CONCLUSION

The COVID-19 Pandemic has forced SAIs to adopt in a short space of time a new way of interacting with each other in the workplace; to relook the concept of the physical work space; to consider how SAIs need to respond to these very changes that are occurring in the public sector; and, to re-examine the changes that would be required to how work is executed on a daily basis. SAIs must be ready to respond to the change brought on by the new normal. This means greater use of information technology and data analytics to enable the application of real time audit techniques. On the other hand, Government should facilitate SAIs by providing the requisite resources to enable capacity and institutional development to undertake real time audit of government spending and to do so with the use of information technology. The use of information technology coupled with the real time audit methodology should strengthen governance and public financial management systems which will secure greater transparency and accountability of government's use of public resources.



HOW SAIs WERE IMPACTED BY THE COVID-19 PANDEMIC

1. HOW WERE THE INSTITUTIONS IMPACTED?

The highest number of respondents, representing 72.7% indicated that their country is under lock down and so staff movement was limited. Sixteen of the respondents or 68.2% stated that due to the lock down audits were stalled as field visits to clients and access to manual files were impaired. The results of the survey also showed that due to this Pandemic fourteen SAIs or 64% were restricted in the delivery of their mandate in the short-term. The delivery of SAIs' mandate may be further impacted due to a reduction in the budget allocation of 32% of the SAIs surveyed.

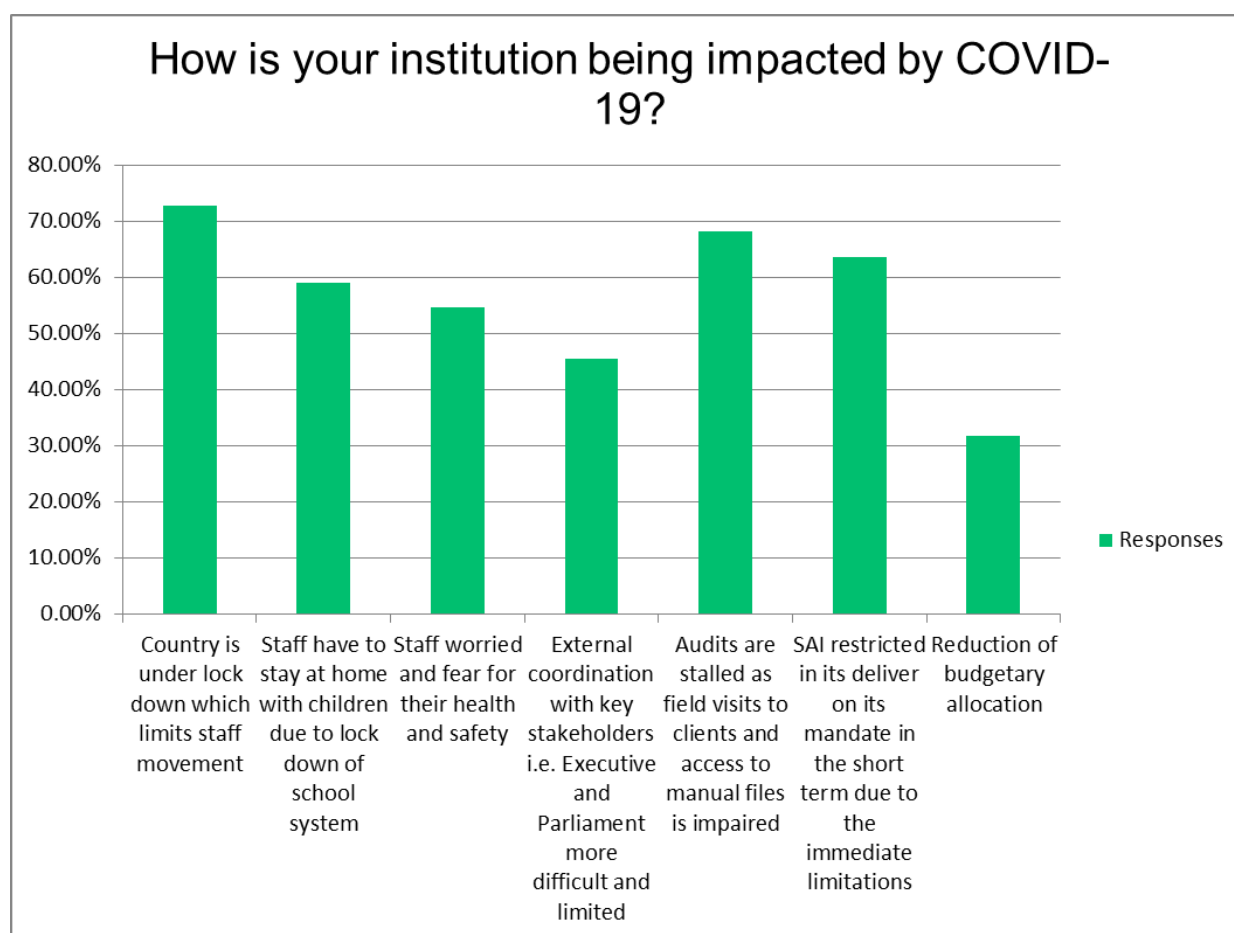


Figure 1:



2. WHAT IS YOUR SAI's MODE OF OPERATION DURING COVID 19?

A total of 77.5% of SAIs implemented a system which allowed staff to work on rotation and some staff members were allowed to work from home. Thirteen offices remained open, however protocols have been put in place, such as physical distancing, wearing of masks, frequent sanitisation of work space during the day. One SAI indicated that due to the stage of audit that not all auditors were allowed to work from home due to their various stages of audit in progress.

SAIS WHICH STATED THAT WERE COMPLETED CLOSED	
Anguilla	Curacao
Belize	Montserrat
Bermuda	St. Maarten
British Virgin Islands	Turks and Caicos Island
Cayman Islands	

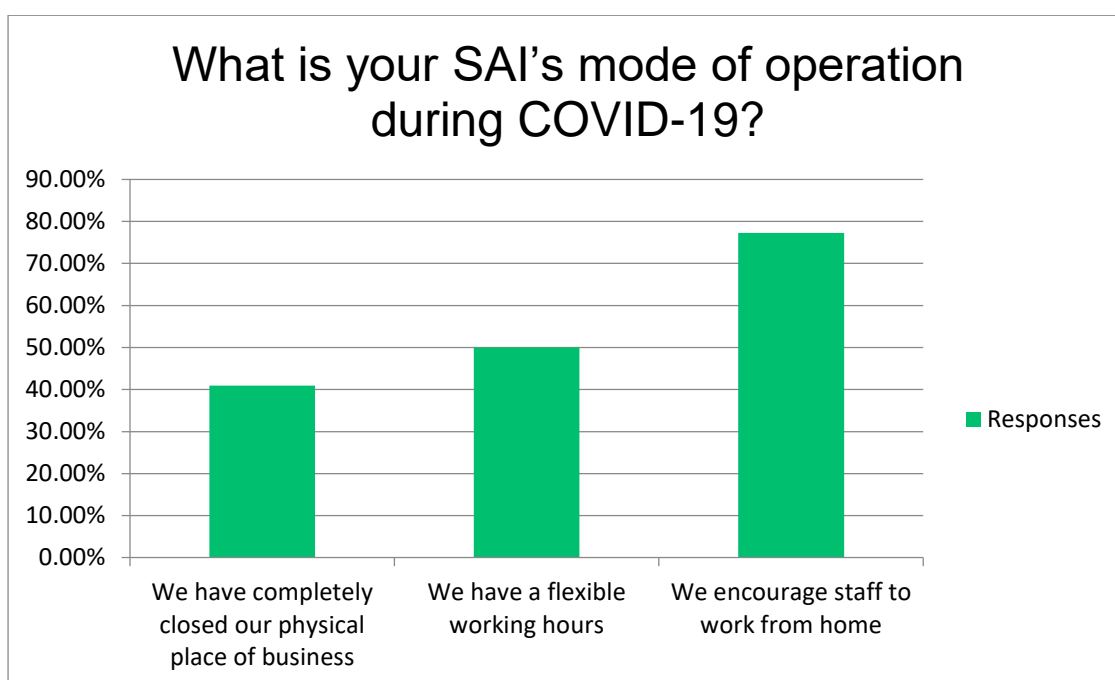


Figure 2:



3. IS YOUR SAI EQUIPPED TO PERFORM TELE/ONLINE WORKING?

From the respondents the following results were garnered;

- i. Eight SAIs or approximately 32% of the respondents indicated that they **lacked IT equipment** namely, Antigua and Barbuda, Grenada, Haiti, Montserrat, St. Vincent & the Grenadines, Trinidad & Tobago, Turks & Caicos.
- ii. 72% of **SAIs staff members have access to laptops**. The SAIs **without laptops** are Anguilla, Dominica, Grenada, Haiti, Montserrat and St. Vincent & the Grenadines.
- iii. Approximately 75% of **SAI staff has access to stable internet facility**. The countries **without access to stable internet facility** are Curacao, Grenada, Haiti, Montserrat, St. Lucia, St. Vincent & the Grenadines and Suriname.
- iv. Only nine SAIs or 40.09% of respondents have **remote access to internal systems and files**, and were able to continue their audit. The SAIs that were able to work remotely are Aruba, Bahamas, Belize, Bermuda, Cayman Islands, Curacao, Guyana, Jamaica and St Maarten. British Virgin Islands have indicated that the SAI is currently working on establishing remote access for staff. SAI Cayman Islands stated that there is some access to laptops and restricted or limited remote access to auditee information.
- v. Only six countries **have remote access to auditee information**. Bahamas, Bermuda, Guyana, St. Maarten, St Vincent & The Grenadines, Trinidad & Tobago
- vi. Half of the SAIs that responded that they have teleconferencing **facilities to facilitate meetings, training, webinars**, namely Aruba, Bahamas, Belize, Bermuda, British Virgin Islands, Cayman Island, Curacao, Guyana, Jamaica, St. Maarten and Trinidad & Tobago
- vii. Only Bermuda and St. Maarten indicated that they have **the skill set to assess the increased cyber threats due to the migration of the workforce online**.
- viii. Bermuda and Dominica responded that they have **adequate Firewalls**



Below is a graph showing the results of the respondents;

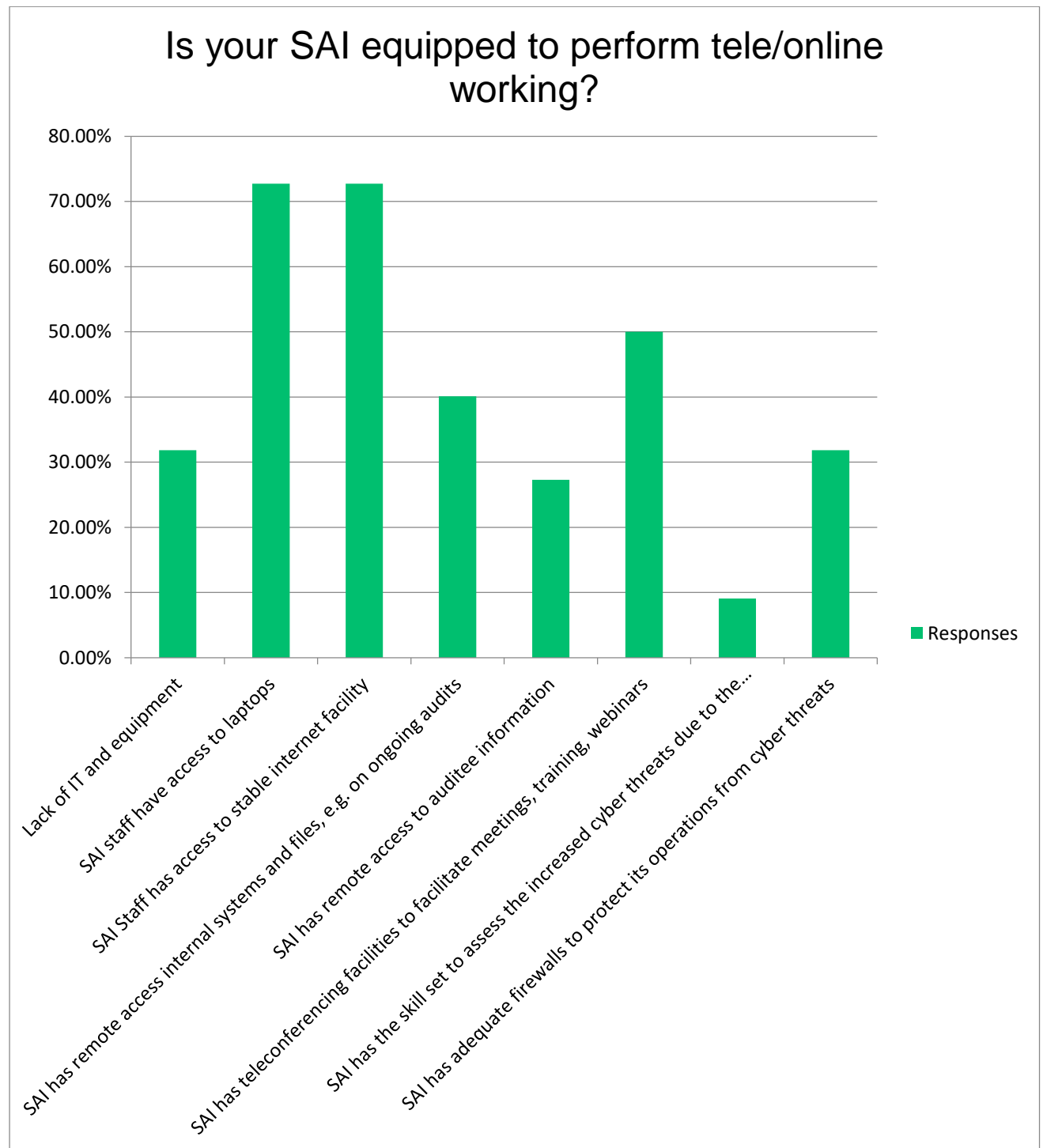


Figure 3



4. IN WHAT WAY HAS YOUR SAI BEEN UTILISING ONLINE/TELEWORKING?

An average of 75% of SAIs used online/teleworking to have staff and team meetings. 54.55% have been meeting with auditee and stakeholders remotely.

St Kitts & Nevis and St. Vincent and the Grenadines **have not been** utilising Online or Teleworking Service.

5. DID YOUR SAI LAY OFF STAFF?

So far no SAI has done any layoffs, however SAIs Aruba and Bermuda have indicated that there will be reduction in salary and other discretionary costs such as travel and accommodation.

6. DOES YOUR GOVERNMENT HAVE A STIMULUS PACKAGE FOR PERSONS WHO HAVE BEEN AFFECTED FINANCIALLY OR DUE TO LACK OF MOVEMENT CAUSED BY COVID-19?

All SAIs except Anguilla, Antigua & Barbuda, Belize, British Virgin Islands, Guyana and Haiti have a stimulus package.

Cayman, Jamaica, Grenada, Montserrat, St. Lucia, St. Maarten, Suriname and Turks and Caicos are all involved in auditing of the issuance of stimulus packages, however only Jamaica apply the real time technique.

Cayman, Grenada and St. Maarten apply a mixed audit technique while all others conduct historical audits.

SAIs Cayman and Montserrat approved the payments for goods or services provided under the stimulus packages.

7. HAVE YOU BEEN INVOLVED IN ANY OTHER GOVERNMENT AUDIT DUE TO COVID-19?

SAI Grenada intends to use the real time audit technique to review its Government's COVID relief package in the form of a electricity bill subsidy - 30% reduction over 3 months (May to July 2020) to all customers amounting in excess of EC\$7M.

SAI Jamaica is undertaking a real time audit of its Government's COVID-19 relief programme – CARE, it is also undertaking an audit of the Ministry of Health and Wellness COVID-19 related expenditure.

SAI Montserrat states that they have made request for the information relating to the stimulus package to get a full understanding of the system, however they have not been able to perform any audits due to the 24-hour lockdown, and the Government is seeking to get the process right due to low submissions and rejected applications.



At the time of this survey, SAI Trinidad & Tobago is planning their work programmes to include audit of the procurement practices by key ministries during the “Stay at home period”.

8. HOW HAS YOUR SAI RESPONDED INTERNALLY TO THE COVID-19 PANDEMIC?

The survey requested that that each SAI ticked the response for the following questions

All SAIs except Anguilla send **email to staff and/or provides a link with the Health Ministry’s recommendations on fighting the spread of the virus**. While SAIs provides a link with the Health Ministry only ten SAIs **actively inform staff about the situation with the COVID-19 spread and communicate daily updates of statistical data, publications of isolation rules and measures taken by the government**.

Nineteen SAIs indicate **that they provide necessary PPE, sanitizers, cleaning material for work place and staff**. The three SAIs that did not provide necessary PPE, sanitizer or cleaning material for workplace and staff are Anguilla, Antigua & Barbuda and Montserrat.

Except for Anguilla, Antigua & Barbuda, Montserrat and Turks & Caicos all other SAIs **practice social distancing in carrying out their operations**.

Except for SAIs Anguilla, Grenada Suriname and St. Vincent and the Grenadines all other SAIs **maintain regular contact with staff while working from home and provide feedback on concerns**.

British Virgin Islands, Cayman, Dominica, Haiti, Jamaica, St. Lucia, St. Maarten, Trinidad and Turks and Caicos are the only SAI’s that **document and implement special strategies, guidelines, standards, instructions and recommendations to efficiently implement its mandate**.

The four SAI’s that **assess risk score and implement measures to mitigate the risk** are Bahamas, British Virgin Islands, Curacao and Montserrat,

Only SAIs Belize and Bermuda **posts a list of online courses on its portal**.

Aruba, Bermuda, Montserrat and St. Maarten are the SAIs that **provide consultative activities and trainings on the electronic platform**.

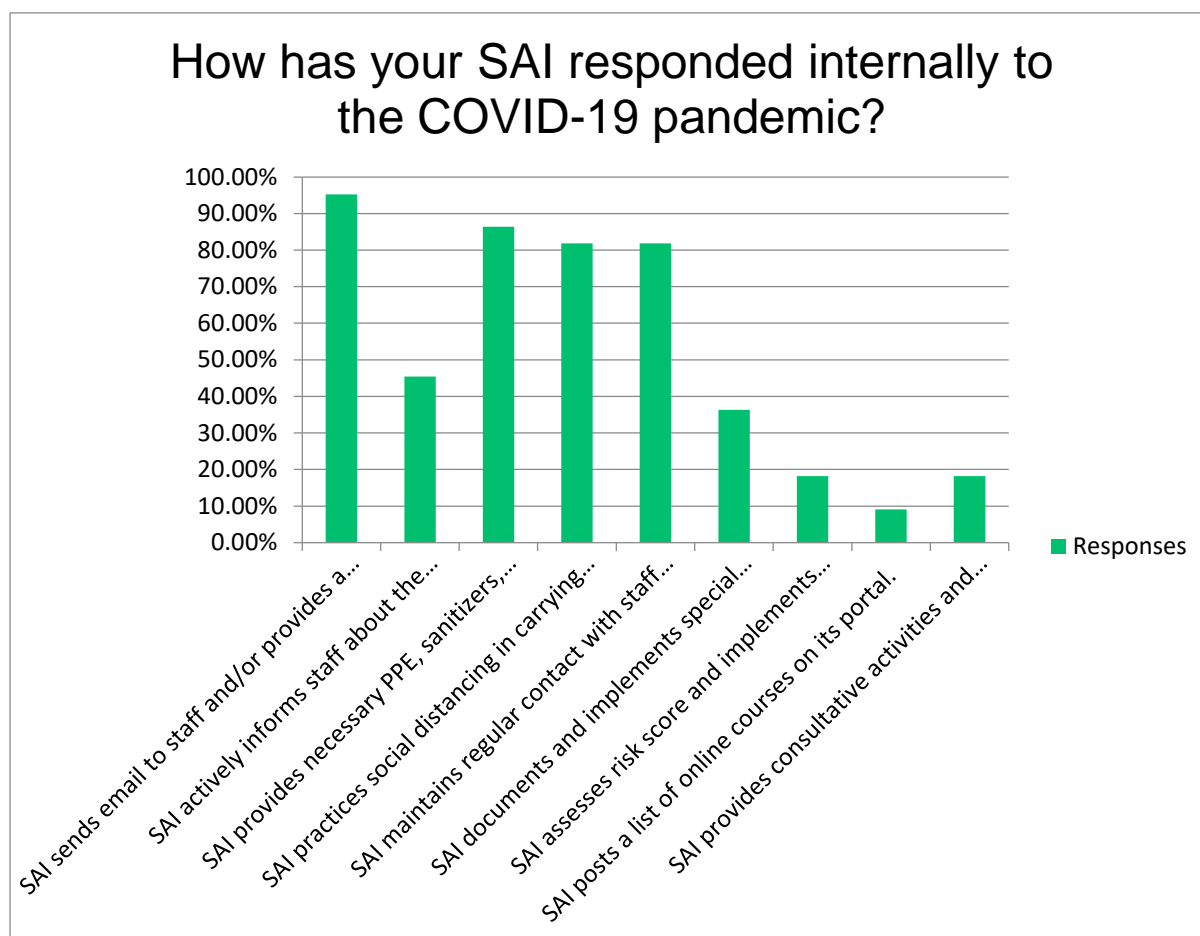


Figure 4

9. WHAT HAS BEEN YOUR SAI'S EXTERNAL RESPONSE TO THE COVID-19 Pandemic?

Suriname indicated that the SAI helps to raise the awareness of citizens about COVID-19 by disseminating information about the virus, its social and economic impact as well as measures of state support

SAI Cayman assists as volunteers to the government, community or service club for the reception, sorting and distribution of medical food and other supplies.

SAI Antigua, Anguilla, Montserrat and St. Kitts are the only SAIs that do not monitor COVID-19 Government spending and therefore will not report to the public and Parliament on how the funds are accounted for.

SAI Montserrat uploaded on its web page recommendations and best practices for public bodies to follow in terms of procurement and distribution of goods/PPE, care packages as part of social support to population as indicated by the government.



The SAI's that monitor accelerated government procurement procedures caused by COVID-19 and promptly provides opinions and comments on simplified public procurement procedures are British Virgin Islands, Curacao, Guyana, Haiti, St. Lucia and St. Maarten.

10. LESSONS LEARNT DURING THE COVID-19 PANDEMIC

Although the responses from the SAIs were varied the one commonality was that there needs to be greater use of technology for continuity in the event of natural disaster.

11. IN ORDER OF PRIORITY, STATE THE TYPE OF INFORMATION AND/OR SUPPORT THAT IS NEEDED TO CONDUCT A MORE EFFECTIVE AUDIT.

The survey results have indicated that all SAIs require support in the areas of training and information technology.

The more specific training areas as stated by the SAIs are Remote Auditing, Remote Access to information, Data Analytics, Guidelines on how to conduct more effective audits and understanding Audit Programs

In the area of information technology, the SAIs indicated that they needed support in obtaining additional portable computers, better internet access, available information and data as well as data protection and security

There are other areas that individual SAIs seek support, such as, collaboration with other SAIs, unrestricted access to government information and internal information and the ability to plan and research audits.



APPENDIX 1

LESSONS LEARNT DURING THE COVID-19 PANDEMIC

Anguilla	No matter how well one plans, a disaster can inhibit/ruin your objectives.
Antigua & Barbuda	Mitigation plan should always be adjusted
Aruba	As a SAI we should have crisis plan & procedures so we can act timely & efficiently during such a crisis period.
Bahamas	That there are changes in how we do things going forward.
Belize	Telecommuting is viable, and resources can be better effected. Efforts to implement cost saving measures should be a daily activity.
Bermuda	Many of the paper driven processes could move to paperless. Need an investment in portable scanners and printers. Need to increase the frequency of the review of the office business continuity plan.
British Virgin Islands	In many respects the Pandemic Situation is similar to a natural disaster. Many of the same protocols and controls apply.
Cayman Islands	Focus means action - Government has moved many things onto online platforms in really short order because this has now become a political priority and so there is spending and focus on IT related things in a way there wasn't before.
Curacao	Working from home is possible, but need to have more norm in order to evaluate the time spent on audits. Have all information needed to perform an audit and not wait to gather the information when the audit is on-going.
Dominica	There is a need to get digitalized. One has to respond in real-time with a robust plan that's designed for the unexpected. Work with the experts. Building resilience into the SAI is more important than ever. - We have to self-isolate yet still remain connected to our work.
Grenada	Need for equipment and greater use of technology in our operations.



Guyana	The urgent need for Government to move away from manual recording of transactions and the importance of SAIs to be fully technologically equipped to work away from the Office.
Haiti	SAIS should be well equipped and have strong staff to perform tasks on-time and using the technological tools.
Jamaica	Our business continuity plans should include provisions for working from home.
Montserrat	Actively promote remote working, Equipment to actively work from home, how to keep staff interactive during lockdowns re: audit seminars etc.
St. Kitts & Nevis	We need to adapt to a teleworking environment.
St. Lucia	The lack of integration with client's files limits effective auditing during this pandemic
St. Vincent & The Grenadines	It is critical for a SAI to have a business continuity plan in the event of disasters.
Suriname	Measures to communicate as fast as we can with workers; especially those who do not have internet access.
Trinidad & Tobago	Greater awareness for health and safety protocols, the need to advance technology usage as a tool for audit analysis, we can have different physical working arrangements.
Turks & Caicos Islands	Having a robust business continuity plan to minimise the operational risk of the SAI and to remain relevant during disasters.



APENDIX 2

IN ORDER OF PRIORITY STATE THE TYPE OF INFORMATION AND/OR SUPPORT THAT IS NEEDED TO CONDUCT A MORE EFFECTIVE AUDIT.

Two SAIs, Anguilla and Antigua & Barbuda did not respond to the question. The other countries responded as follows;

Aruba	i.	Availability of information & data
Bahamas	i.	Analytical software
Belize	i.	Selecting and applying audit methodologies,
	ii.	Conducting results based audits,
	iii.	Approach to effectively utilize telecommuting.
Bermuda	i.	Would be interested in understanding if colleagues - will be performing performance audits/compliance or special reviews of COVID 19 expenditure.
	ii.	Would like to understand how and what other SAIs are communicating to their external stakeholders and the public.
British Virgin Islands	i.	Increased capability for remote access to files and documents.
Cayman Islands	i.	Biggest issue has been access to client information with workplaces closed and all staff working remotely
Curacao	i.	Audit programs
Dominica	i.	Financial resources,
	ii.	Staff understanding and co-operation,
	iii.	Ability to plan and research the area of audit,
	iv.	Digital/electronic data availability,
	iv.	Ability to effectively communicate with stakeholders in a virtual environment.
Grenada	i.	Accounting system does not currently allow for easy identification and extraction of Covid-19 related expenditure from Smart Stream (SIGFIS).
	ii.	Technical assistance in conducting real time audits as it is the first time we are doing such, IT equipment and electronic working papers software,



Guyana	<ul style="list-style-type: none"> i. Government Accounting Systems to be fully computerised. II. SAIs to be technologically equipped to audit these systems.
Haiti	<ul style="list-style-type: none"> i. Require IT equipment to facilitate remote working ii. Online access to auditee information iii. Financial assistance to train staff
Jamaica	<ul style="list-style-type: none"> i. Training in real time audit techniques
Montserrat	<ul style="list-style-type: none"> i. Require the necessary hardware to facilitate remote working. ii. Access to internal systems and files. iii. Supervisory support iv. Ability to contact clients,
Saint Lucia	<ul style="list-style-type: none"> i. IT support
St. Kitts & Nevis	<ul style="list-style-type: none"> i. Continuous support in conducting each phase of an audit, particularly the planning phase
St. Maarten	<ul style="list-style-type: none"> i. Government cooperation ii. Access to info (on COVID-19 financial measures) iii. Personnel to carry out audits effectively
St. Vincent & The Grenadines	<ul style="list-style-type: none"> i. Training ii. IT equipment iii. Guidelines to conduct more effective audits
Suriname	<ul style="list-style-type: none"> i. Unrestricted access to information ii. A technical support team to conduct an effective audit
Trinidad & Tobago	<ul style="list-style-type: none"> i. Guidelines on approaches for obtaining source evidence; ii. Guidelines on specific tests for funding received from International Agencies for COVID 19 (benchmark for best practice); iii. Testing of stimulus packages; iv. Testing projected economic fallout
Turks and Caicos Islands	<ul style="list-style-type: none"> i. Data analytics tools