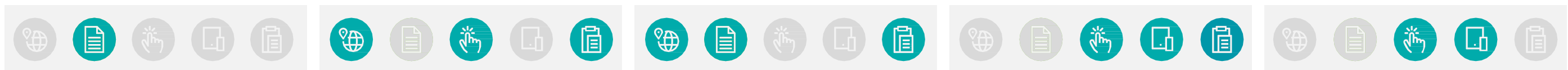


COVID-19: Control environment considerations

There is limited precedent as to how COVID-19 will affect organisations' control environments. Many organisations are experiencing discrete financial "shocks" and broader day-to-day disruptions that are directly challenging their risk, control, and defense models. Below are examples of affected areas, key questions, and considerations based on early client discussions.



Linkage to COSO¹ components | More can apply, based on our assessment



COVID-19: Control environment responses

Contact us



Communication considerations

Have you considered the need for enhanced communications to both internal and external parties?

- Consider reinforcing the importance of control execution (e.g., newsletters and videoconference).
- Encourage control owners to raise their hands and ask for help if they encounter challenges in performing their controls.
- Communicate with control owners to emphasize on the importance of retaining high-quality documented evidence to support testing programmes.
- Promote open and ongoing communication with key service providers to identify the need to alter the current interaction model.
- Establish accountability and owners to deal with key issues and provide the ongoing status.
- Consider the latest SEC disclosure guidance on reporting the effects and risks of COVID-19 on your business, financial condition, and results of operations.



Preparation for future controls assessments

Have you considered updating your control descriptions or creating alternative controls?

- Create or enhance existing policies and procedures to deal with the COVID-19 impact, inclusive of roles and responsibilities, timelines, and form of relevant artifacts.
- Evaluate affected areas for changes to people, process, and technology, and update controls accordingly.
- Engage with testing parties (testers and those being tested), including financial statement and service auditors, to understand/communicate expectations.
- Raise significant changes to risks and control environment to senior management and boards.
- Prepare for the likelihood of remote testing and the need for greater cooperation with both internal and external parties involved in testing.
- Consider the use of technologies, in particular communication tools and file-sharing platforms, to allow testers and business personnel to assess required information.
- Prepare a contingency plan in case the level of findings increase.



Additional resources

For updates on COVID-19, information on new guidance, and resources available, please visit the following link:

- Deloitte COVID-19 homepage: www.deloitte.com/covid-19

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¹Committee of Sponsoring organisations of the Treadway Commission ("COSO") Internal Control Framework Components

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