THE INTERNATIONAL JOURNAL OF BUSINESS & MANAGEMENT

Risk Assessment and Auditors' Responsibilities: An Assessment of COVID-19 Era

Owolabi Sunday Alao
Lecturer, Department of Accounting,
Babcock University Ilishan Remo, Ogun State Nigeria
Adesanmi Timilehin
Ph.D. Student, Department of Accounting,
Babcock University, Ilishan Remo, Ogun State

Abstract:
There has been uncertainties and high apprehension of the possible impact of COVID-19 era on corporate organizations' earnings and the global economies at large. Prior studies have predicted high audit risks and expect auditors carry out detailed risk assessments of the clients for material misstatements in line with auditors responsibilities. Consequently, this study examined risk assessment and auditors' responsibilities, an assessment of COVID-19 era. In carrying out this examination, exploratory research approach was adopted, as previous literature, journals and materials related to the study were reviewed. The study revealed that quality of internal control and effective control measures in corporate organizations are panacea to quality risk assessments. Auditors aware of audit risk and responsibilities, are motivated to ensure thorough risk assessment comparing the likely variances from prior year's reports audit. The study recommended that management should ensure quality internal audit and internal audit units. Auditors are advised to ensure exhibition of high level of efficiency, professional competence and due care in discharging auditor responsibilities. Aware of risk liabilities, auditors should ensure all-inclusive and holistic risk assessments of clients' books and proffer professional advice where necessary considering the obvious implications of COVID-19 on corporate organizations 'operations and earnings.

Keywords: *Audit liabilities, auditors responsibilities, COVID-19, Internal control, risk assessment*

1. Introduction

The global outbreak of COVID-19 and the scourge it brought have caused significant economic challenges with a devastating impact on world economies. The unprecedented impacts of the pandemic have disrupted professional services globally with accounting and auditing professional being no exceptional. Beside, all industries particularly, airline, retail, hospitality, oil and gas, education sector and many other service related industries have been adversely impacted, generated exceptional shocks in capital markets. These conditions have created many uncertainties for auditors and many public and private companies (Erlina & Muda, 2018). The impact of the scourge provides a reminder for auditors risk re-assessments as a fallout of pandemic to the responsibilities to identify, assess and respond to potential risks of clients' material misstatements. Apparently, the COVID-19 and its attendant effects have brought new realities that new risks may be identified likened with prior audits (El-Mousawi & Kanso, 2020). Many auditors' clients are facing exceptional uncertainties and these companies will now grapple with the realities that things have changed and understanding what getting back to prior conditions will look like different geographies and for diverse industries (Eriadi & Abdullah, 2018). Private corporations and public ones are now forced to provide as much information as it practicable to investors and others regarding the present financial statements. An assessment of COVID-19 effect will now necessitate identifying and carry out risk assessment and auditors responsibilities. This may obviously create multifaceted and challenging for auditors due to new risks will emerge as response to COVID-19 pandemic effects (Accountancy Europe, 2020).

Many companies may need to consider new or different risks associated to the impact of COVID-19, For instance cases relating to: liquidity challenges, problem of access to capital, debt covenant compliance issues, ability to continue as a going concern, insider dealings and falsifications of previous estimations, cybersecurity, including data security in a computer-generated environment, possible changes in internal control dynamics over financial statement reporting, assets and goodwill impairments possibilities, realistic fair value estimations and assets valuations, third-party and vendor concerns and importantly, meeting industry specific regulatory requirements and economic considerations of associated risks as a result global lockdown and business disruptions (Owolabi & Folarin, 2020). Unfortunately, auditors are likely to encounter some constraints in an expected comprehensive risk assessment in completing the audit exercise and concerns in obtaining adequate information and evaluating sufficiently and appropriateness of audit evidence. Effectiveness of risk assessment, auditors' responsibilities and audit approach greatly depend on high display of professional competence and ability of the auditors to identify the risks of material misstatement, due to possible errors or fraud and to a great extent to have an appropriate basis for identifying and assessing those risks.

Risk assessment and auditors responsibilities necessitate entities to carefully evaluate the significant effects that COVID-19 pandemic is having on their operational activities and the ability to meet certain obligations. Additionally, it is obvious that these evaluations may likely have effects on the recognition and measurements of accounting numbers in the financial statements like goodwill, trade receivables, trade payables and inventories (Owolabi & Omotilewa, 2020). There are also be serious effects on the expected level of information disclosures like risks and uncertainties, going concerning status and earnings management possibilities to remain afloat. Accounting Standards Codification requires risks and uncertainties disclosure including certain changes in estimates and vulnerabilities to concentrations. This requirements would certainly require meeting the regulatory requirements about significant effects resulting from the COVID-19, like location and production disclosures, decreased demand for product and services disclosure and difficulties obtaining products or services and also the challenges to collect trade receivables or bad debts issues, the ability to access loan facilities because of illiquidity issues and other relevant financial and nonfinancial issues (Ahmed, 2017; Bhattacharjee, Maletta & Moreno, 2016).

1.1. Implications of COVID-19

Modestly, every company must be impact by the COVID-19 pandemic outbreak, but the quantity and magnitude of the effects on each nation and on each of the corporate establishments are yet to be ascertained. However, it is likely that majority of companies will see a material financial statement effect from the events of COVID-19 (Aguguom, Ajayi & Otitolaiye, 2020). Consequently, possible changes in previous estimates may likely be a significant driver ahead of some impacts on the financial statements. It is also a major concern around the period of the strategies to mitigate for the impact management and in determining the assumptions and inputs into many of the accounting estimates like future cash flows. According to Jackson, Weiss, Schwarzenberg and Nelson, 2020), COVID-19 could result in assets impairments or activating events. Statutory auditors need to perform other expected and important audit procedures around each estimates due to current economic conditions as a result of COVID-19. Potential impact of COVID-19 on risks assessment is inevitable and the level of this impact and associated risks must be assessed. The auditing firms and their team of auditors' assessment of risk for some estimates may change from previous years or even throughout the audit exercise.

It is possible that in previous years' audit, the audit may have established that the trade receivable allowance for doubtful accounts was insignificant account for an entity with a few number of customers where a trend of consistent timely payment was considered a reliable analyst to inform future expectation, an economic uncertainty may now result in incremental risks, including credit risk.

1.2. Risk Assessment

The extraordinary state of emergency and waves caused by COVI-19 have impacted immensely the operating environment of companies resulting that auditors must consider how these events impact auditors risk assessment and whether any remission may be required. Risk assessment procedures are not discrete phase of an audit but rather a continual as required by PCAOB standards. Basically, PCAOB standards expect that the auditors assessment of risks of material misstatement, together with fraud risks, to continue a during the audit assignment. During the period, if the auditor obtains audit evidences that contradict the audit evidence on which the auditor originally based his risk assessment, the auditors evaluation should either validate, revise or modify risk assessment and also adjust planned audit procedures or further procedures in response to the adjusted risk assessments (Bhattacharjee, Maletta & Moreno, 2016; Dalimunthe, Muda, 2017). DeSimone and Abdolmohammadi (2016) documented that ISA 315 as revised expect that identifying and risks assessment of material misstatements through proper understanding of business and its environment, require auditors to identify and assess the level of risks of material misstatement and ascertain whether it was as a result of fraud or errors at the financial statement and its environment, through understanding the entity and its environment, including the entity's internal control, thereby providing a basis for designing and implementing responses to the evaluated risks of material misstatement. Risk assessment reflects process of evaluating risks: the threat identification, exposure and characterizations of risks (DeZoort, Slterio, 2001; Eriadi & Abdullah, 2018). Erlina & Muda, 2018).

1.3. Pillars of Risk Analysis

Risk assessment is one of the three basic pillars of risks analysis that will enable auditors carry out a comprehensive and detailed analysis. The pillars of risk analysis are risks assessment, risks management and risks communication.

1.3.1. Risk Management

This involves the process of weighing policy options in the light of likely risk assessments and other potential evaluations, the means of selecting and implementing suitable control measures including suitable, monitoring and surveillance activities.

1.3.2. Risk Communication

Risk communications is one the pillars of risk analysis that involves interactive and exchange of required information and opinions through the risk analysis process concerning risk. Furthermore, it comprises risk assessors and risk managers, but equally consumers and a widespread of other real and potential shareholders and other stakeholders.

1.4. Auditor Responsibility towards Risk Assessment

Erlina, Saputra and Muda (2017) posited that in line with ISA 330, Auditors responsibility to assessed risks require auditors to respond to assessed risks by obtaining adequate and sufficient audit evidence regarding the assessed risk of material misstatement or fraud, through designing and implementing appropriate responses to those risks. According to paragraph 25 of ISA 330 Posits that based on the audit processes performed and the audit evidence gathered, the professional auditor should evaluate prior to the audit conclusion, whether the assessment of the risks of material misstatement or fraud at the verification level remain valid or appropriate. As envisaged, COVID-19 pandemic in many instances will necessitate auditors to consider if the design and application of the obtained responses to the identified risks is still relevant or there is need that they be revised (Erwin, Abubakar & Muda, 2018; Farkas & Hirsch, 2016; Malaescu & Sutton, 2015).

As part of auditors' responsibility, the auditors should test accounting estimates on the identified and assessed risks using any or combination of procedural guidelines specified in AS 250:Auditors to test the clients' process adopted to develop the accounting estimate. Should develop an audit independent expectation for comparison to the entity's estimate and. To evaluate new evidence from audit exercise or from transaction after the due measurement data associated to the accounting estimate for comparison to the entity'' estimate. Auditors are expected to do determine the estimates in confirmation to the applicable financial reporting framework, whether the data is suitably employed and that significant assumption are appropriate for the nature of the related account or disclosure based on the auditors understanding of the entity and the environment. It is expected that the auditor should evaluate the rationality of significant assumptions employed by the entity when evaluating the methods used by the company to develop the estimates (Mechelli, Cimini, Mazzocchetti, 2017; Oroud, Isam, Ahmad & Ghazalat, 2019). Basically, auditors could develop their expectations of a

The audit firm could think that this may lead to payment heightened and default risk, as a result may represent a significant account in line with Auditing Standards (AS2110) and a more likely of material misstatement. In the same manner, auditors should establish is any prior identified risks are now indicative of a major risk, and in making this professional judgment, auditors should consider the factors as contained in AS2110. These issues would then form an instructive basis to assess whether the risk is related to recent important economic, accounting or any other developments and the extent of complexities of financial information relating to the risks, particularly those estimates involving a wide range of measurement uncertainty (Sardasht & Rashedi, 2018). Ideally, the presence of these issues alone do not necessarily informed an opinion of presence of major risk, rather should be evaluated and considered when ascertain the nature, timing and extent of planned audit exercise procedure

1.4.1. Internal Threats

There are possibilities that due to the COVID-19, there could be extensive fraud risks given the state of uncertainties and uncoordinated manipulations since many companies laid off some key employees and many of the work force operate from environment outside the office environment. There possibilities of breakdown of internal control measures and financial reporting procedure. When the internal control protocol are not closely monitored and incidents immediately verify and checked, the vulnerability and gap created could generate to huge unguarded manipulations and those in privilege position may facilitate executive frauds. In most case, unpredicted incentives of increased pressures on executives, particularly when taken together with possible broken internal controls or increased opportunities for executives overriding internal measures or controls, smart scrupulous personnel may take undue advantage, leading to new risks of material misstatements or fraud or alterations to prior assessment of risk of material misstatements or fraud by privileged personnel (Bierstaker, Abbott, Caster, Parker & Reckers, 2011; McKibbin & Fernando, 2020).

1.4.2. External Threats

The external controls should form one of the basis of assessments of the auditor. There are possible external threats that must be assessed as the impact of external threat such as measures and measures taken by the government or government agencies or banks to provide relief that may have devastating and negative effects on the company. For instance, the case of lockdown and restriction of movement, closure of office at a particular time or other labor challenges, or any other policy that may affect the project or product completion, and the possible effect of the project is not completed as initially estimated, uneconomic long-term commitments or a need to significantly revise operations (Boyle, DeZoort & Hermanson, 2015). The external threats will need to be identifies and asses the possible risks and threat to the company. It will therefore require identifying and assessing threats that will require informed and objective review of relevant and fundamental issues, with a suitable involvement of entity's business activities and cash flows. There will be need to assess and ascertain the appropriateness of any other relevant information expected that likely affect liquidity, debts profile, obtaining loan facility prospects and possible new equity capital injections into the company, a thorough review of key vendors sustainability in their supplies, accurate assessment of debt covenants compliance file and projected compliance in accordance with agreed underlying (Pike, Chui, Martin & Olvera, 2016).

1.5. COVID-19: Impact on Going Concern

The going concern status could be at risk if the impact and uncertainties resulting from COVID-19 pandemic are not properly assessed and measure to mitigate them appropriately taken. In each annual audit exercise and in the annual or interim audit report, auditors are expected to express an opinion on the going concern status of the company audited by them. As a result during this period, the auditor is required to evaluate the conditions or potential events that may raise substantial doubts about the entity's ability to continue as a going concern with the next one year that the financial statement are issued (IIA, 2017). The issue of doubts and threats in the content in the expression of opinion is germane and of essence. Management is expected to exhibit honesty and ethical behaviour to consider potential conditions, threats or uncertainties that are known or reasonably possible at the data of financial statement are made out (IAASB, 2013). Consistently, the assessment should consider important current information available before the financial statement is signed off for consumption.

Going concern status is capable of being in jeopardy if substantial doubts of the entity's ability to continue as a going concern is established and also when significant information of conditions and events, considered in the aggregate point toward likely that the entity will be incapable to meet its current and potential obligations as they become due within the next one year after the date of issue of the financial statement. The management aware of the impact of COVID-19, need to assess other financial risk indicators and their potential multiple consequences to adequately confirm the sort of potential effect and predominantly on the liquidity, and ability to continue as a going concern and ability to exhibit transparency, and commitment to information disclosure for the stakeholders considering the uncertainty created by COVID-19 pandemic, putting the shareholders and other interested stakeholders on high anxiety about the status and safety of their of their investments and investment portfolios (Ahmed, 2017).

1.6. ISA 400: Risk Assessment and Internal Control

1.6.1. ISA330-Auditors Procedures in Response to Risks

IAS 330 Auditors Procedures in Response to Assed Risks: According to Institute of Internal Audit (2017), higher risk of material misstatements requires need to perform an effective substantive procedural audit starting from the beginning through the entire period and only end of the period. This includes an interim audit procedures, and final audit procedures. Jackson, Weiss, Schwarzemberg, Nelson (2020) stressed that interim audit procedures should comprised of not only understanding the company, but equally assessing inherent risks and also try to identify important issues that will be included in the future audit strategy and plans, the need to carry out recording, evaluating and testing of the company's internal control quality and effectiveness, performance of adequate substantive testing to be sure of the books and records are in good standing for yearend auditing. Jackson *et al.,* (2020) documented that a typical final audit procedures should among others include (i) Substantive testing to ensure that conclusions arrived at during the interim audit remain valid; (ii), obtaining third party affirmations on sensitive issues like actual position of the trade receivables, bank balances; (iii) carry out analytical review and also subsequence review of events; (iv) obtain written confirmations and representations; (v) ensure that there is an agreement of financial statements to accounting records, and examination of adjustments made the course of preparing the financial statements (Malaescu & Sutton, 2015).

IAS 330 specifically covered risk assessment and the auditors' response to assessed risks. In other words, one of the aims of IAS 330 is to ensure that the auditors collect enough and suitable evidences about the assessed risks of material misstatements (Dalimunthe, Fadli & Muda, 2016). This is by planning and putting in place appropriate responses to the risks. IAS 330 stipulated that the auditors' response should include highlighting the need to maintain an attitude of professional doubts unless proved otherwise, assigning experienced audit staff or better still increase the level of audit supervision, to ensure use of qualified and competent experts. The standards require variation of procedures, timing and nature of audit procedures and ability to collect more persuasive audit evidence. The auditors' response to assessment of the risk could be influenced by the auditors' assessment of control environment. DeSimone and Abdolmohammadi (2016) noted that effective control environment will in a way increase auditors' confidence in the internal controls in every area. This will enable auditors assess the extent of risks involved and plan the audit work so that any issue of material misstatement be identified and possibly be corrected accordingly.

1.6.2. IAS 315 Understanding the Entity and its Environment

In pursuance of going concern, ISA 315 expects that statutory auditors should evaluate risks of material misstatements of clients through good understanding of the clients business and its operating environment, this actually include the client's internal control effectiveness, as this provides a basis for designing an and implementing appropriate response to the assessed risks of material misstatement or fraud ( ). This may require the auditors to identify and assess the risks of material misstatements in the financial statements, proper designing and performing suitable audit procedures and to enable auditor exercise audit judgment that is expected. Besides, the auditors should have more understanding of the entity especially the industry it operates, the industry regulators and level of regulatory compliance of the entity including other external factors like applicable financial reporting framework, nature of the entity's business, ownership structure, corporate governance and capital structure, the entity's aims and objectives, and a thorough review of its financial and non-financial performances, the selection and application of entity's accounting policies, and if changes, rationale behind such accounting policy changes (Erlina & Muda, 2018).

In consideration of the forgoing, Bhattacharjee, Maletta and Moreno (2016) documented that the auditor are expected to inquire of entity's management team, internal auditor and others qualifications, evaluate the entity's analytical procedures, consider recent changes in the company and the reasons and implication of such changes, make effort to discuss with the entity' internal audit team seek for their susceptibility of the financial statements to material misstatements.

1.6.3. ISA 400

Risk assessment and internal control reflects assessments of potential quality of internal control in covering the potentials of human errors resulting from possible weak internal control system, errors as a result of carelessness, mistakes of judgment, distractions and compliance of internal procedures and understanding of instruction (Farkas &

Hirsch, 2016). The risk assessment and internal control considers possibilities of evading of internal controls by members of the company colluding employees within the corporation or with external parties to defraud the company, Assess the possibilities that internal control employees in exercising their internal control functions take undue advantage and abuse the privileged position by overriding the internal control procedures assisted by the position being occupied. To ascertain the potency of internal control or otherwise the possibilities of insufficiency, inadequate and ineffective internal control measures or changes that may affect the system of control and compliance with established internal control procedures.

Eshikhati (2015) noted in line with ISA 400, risk assessment of internal control, five basic determinants are significant: Internal audit functionality, commitment of top management to the protection and compliance of internal control policies, policy framework and communication structure in the company. According to Eshikhati (2015), risk and risk assessment are thing that inhibit corporate organization reaching their potentials and corporate performance, hence in risk assessment, auditors should have the same attitude and language with the management by assessing maturity level and attitude of the management in risk matters, and plans of the management in achieving a workable and effective internal control system in the company for the benefit of protecting the assets and resources of material including employees of the company.

2. Theoretical Review

2.1. Stakeholders Theory

Stakeholder theory is accredited to Edward Freeman stipulated that any group or individual who can by their action cause an achievement of a company's objectives, or is affected by the fortunes or misfortunes of a corporate entity is considered stakeholder of the company (Freeman & Reed, 1987). Essentially, the stakeholder theory suggested that all third parties with emotional or invested interest in a company should be carried along in the affairs of the company by availing to them accurate and time information about the company. In other words, it is not only investors or the shareholders who can be affected by the company's objectives and activities, that there other interested groups (Hayes, Schilder, Dassen & Wallage, 2009). It then suggests that the achievement and misfortune of a company affects all the stakeholders directly or indirectly. The stakeholders include all concerned and those affected directly or indirectly by the existence of the company: The stakeholders include: shareholders, employees, creditors, political groups, government, trade unions, host communities, and customers, the media, suppliers and society at large. Freeman contended that the firm do exits primarily with the aim of serving and synchronizing the collective interest of those who benefit directly or indirectly from the activities of the firm (Schilling, 2000). The going concern and corporate objective of profit maximization and long term sustainability of the firm requires managers' more sensitive approach to ensure the interest and benefit of all the entire stakeholders are protected (Schilling, 2000).

The stakeholder theory is relevant to this study because when the interest of the capital market participants and all other interest groups are protected, conflict of interests is then minimized. There are some proponents of stakeholder's supporters who have shown reasons other stakeholders besides the shareholders should be protected. According to Bierstaker, Abbott, Caster, Parker & Reckers, 2011), corporate establishments have a normative (moral) obligation to treat every stakeholder fairly and in a positive way and this commitment is in turn seen as shaping strategic roadmap in performance sustainability, impacting financial and nonperformance landscape of the going concern ability of the company. On the contrary, some other scholars have criticized the some of the assumptions of stakeholder theory. Bierstaker et al., (2011) opined that the shareholders rightly deserve higher earnings and the dividends since they are the risks bearers and they are owners of the company.

2.2. Theory of Inspired Confidence

Theory of inspired confidence was developed by Limperg in the year 1920 (Hayes, Dassen, Schilders and Wallage, 2009). Theory of inspired confidence suggested auditors are independent umpires that are needed to verify and certify financial statements prepared by the management, to put credence to the veracity of the financial statements. In other words, he audited exercise give shareholders and other users the needed credibility of financial statement. Theory of inspired confidence is essentially reflecting the confidence users require, using information contents of financial statement prepared and examined by the statutory auditors ( ). Apparently, these stakeholders demand accountability, transparency and reliable information from the managers as contained in the financial statement. The assurance the auditors will provide is expected to inspired confidence on the stakeholders about the application of right standards that would guarantee fair valuation, and estimates and application of rights methods (Oroud, Islam Ahmad & Ghazalat, 2019).

Theory of inspired confidence is suggests that auditors' certification in its expression of opinion after audit exercise give the shareholders and other stakeholders confidence regarding the credibility and reliability of the financial statement of companies (Ahmed, 2017). As expected, the theory requires auditors not to abuse confidence and expectation of a rational outsider while on the other hand, the auditors should not arose greater expectation in their report than the examination justify. Auditors should do everything to meet reasonable public expectations to justify IFRS adoption and IFRS standards used in preparation of the financial report showing the pictorial position of the affairs of the company (Oroud *et al.,* 2019).

2.3. Empirical Review

Alawi, Wadi and Kukreja (2018) investigated the purpose of expectation gap, focusing qualitative analysis of risks assessment of companies operating in the Bahrain Kingdom. Survey research approach was adopted in the study using structured questionnaire administered to selected auditors, stakeholders and other users of financial statements in

Bahrain. The data obtained from the respondents were analyzed using descriptive statistics, as mean, median and percentages were employed. The study at the end of the analyses, revealed that auditing exercise had statistically positive significantly effect on audit expectation gap and that risk assessment is not reported by the auditors in Bahraini Kingdom. The study also found that a majority of and high percent of respondents think that managers do not put the stakeholders the stakeholders expectation not

Toumeh, Yahya and Siam (2018) examined expectation gap between auditors and users of financial statement in the audit process from the auditors' perspective in Jordan. To achieve the study objective, survey research design was adopted using a questionnaire administered to auditors working in auditing firms in Jordan. The study administered a total of 158 questionnaires while 109 were validly retrieved from the respondents, give a 695 of total questionnaire returned by the respondents. Descriptive statistics was used in the data analysis. The result revealed that lack of audit awareness among shareholders and other users of financial statement has the highest respondents' perception of the effect on expectation gap.

Akther and Xu (2020) carried out an examination of the existence of audit expectation gap and its effect on stakeholders' confidence, moderated by the active role of the financial reporting council. The study constituted a higher-order model and analyzed the data using pragmatic exploration, smearing the partial least squares structural equation model. The study sourced and obtained responses from 174 respondents comprising of auditors, investors, investment and credit analysts and also from regulatory agencies in Bangladesh. The data obtained were analyzed accordingly. The study results revealed that the audit expectation gap is negatively and the greater the audit expectations gap, the lower stakeholders' confidence is in the audit. The study further showed that auditor's lack of understanding is normal hence the disparity in resulting to expectations gap. The study then advised that active role of regulating and monitoring by the financial reporting council will help in reducing the gap.

3. Methodology

This study examined risk assessment and auditor's responsibilities, an assessment of COVOD-19 era. In carrying out this examination, exploratory research approach was adopted, as previous literature, journals and materials related to the study were reviewed.

4. Conclusion and Recommendations

4.1. Conclusion

This study carried out an examination of risk assessment and auditor's responsibilities, an assessment of COVID-19 era. The review showed that COVID-19 has a devastating impact on the corporate organizations earnings and there are quite obvious of material misstatements, fraud and earnings management. The study revealed that quality of internal control and effective control measures put in place by corporate organizations are panacea to quality risk assessments. Auditors aware of audit risk and responsibilities, are motivated to ensure thorough risk assessment comparing the likely variances from prior year's reports audit.

4.2. Recommendations

The study recommended deep and integrated vision in the means of evaluating and management of risks. That management should ensure quality internal audit and inter audit units, and allow strong and effective internal control measures that will be respected, while all management and staff be made to a strict compliance of all internal control measures. Auditors are advised to ensure exhibition of high level of professional efficiency, competence and due carein discharge of auditor responsibilities. Aware of audit risk and liabilities, auditors should ensure all-inclusive and holistic risk assessment of clients and proffer professional advice where necessary considering the obvious implications of COVID-19 on corporate organizations operations and earnings.

5. References

i. Accountancy Europe. (2020). *Coronavirus Crisis: Implications on Reporting and Auditing*. Retrieved March 20, 2020, from Available at: https://www.accountancyeurope.eu/publications/coronavirus-crisis-implications-on-reporting-andauditing/. Retrieved: 10th October 2020.
ii. Alawi S, Wadi R., & Kukreja G (2018) Determinants of expectation gap: An empirical study from the Kingdom of Bahrain. *Account Finance Reviews 7*(3), 55–66
iii. Ahmed, M. (2017). Role and responsibilities of professional accountants. Speech in seminar on financial reporting act, ICMAB News. *The Cost and Management, 45(4), 43*-54.
iv. Akther, T., & Xu, F. (2020). Existence of the audit expectation gap and its impact on stakeholders' confidence: The moderating role of the financial reporting council. Int. J. Financial Stud, 8(4), 1-25.
v. Bhattacharjee, S., Maletta, M. J., & Moreno, K. K. (2016). The Role of account subjectivity and risk of material misstatement on auditors' internal audit reliance judgments. *Accounting Horizons, 30*(2), 225.
vi. Bierstaker, J., Abbott, L., Caster, P., Parker, S., & Reckers, P. (2011). Comments by the auditing
vii. standards committee of the auditing section of the American Accounting Association on the Proposed International Standards on Auditing Revisions to ISA 315 and ISA 610. *Current Issues in Auditing, 5*(1), 8–18. Doi:10.2308/ciia-50007
viii. Boyle, D. M., DeZoort, F. T., & Hermanson, D. R. (2015). The effects of internal audit report type and reporting relationship on internal auditors' risk judgments. *Accounting Horizons, 29*(3), 695.

ix. Dalimunthe, D. M.J., & Muda, I. (2017). The empirical effect of education and training to the performance of employees. *International Journal of Applied Business and Economic Research. 15*(24). 5423-5437.
x. Dalimunthe, D.M.J., Fadli, and Muda, I. (2016). The application of performance measurement system model using Malcolm Baldrige Model (MBM) to support Civil State Apparatus Law (ASN) number 5 of 2014 in Indonesia. *International Journal of Applied Business and Economic Research. 14*(11), 7397-7407.
xi. DeSimone, S. M., & Abdolmohammadi, M. (2016). Correlates of external quality assessment and improvement programs in internal auditing: a study of 68 countries*. Journal of International Accounting Research, 15*(2), 53.
xii. DeSimone, S. M., & Abdolmohammadi, M. (2016). Correlates of external quality assessment and improvement programs in internal auditing: A study of 68 countries. *Journal of International Accounting Research, 15*(2), 53.
xiii. DeZoort, F. T., & Salterio, S. E. (2001). The effects of corporate governance experience and financial- reporting and audit knowledge on audit committee members' judgments. *Auditing: A Journal of Practice & Theory, 20*(2), 2.
xiv. El-Mousawi, H., &Kanso, H. (2020). Impact of COVID-19 outbreak on financial reporting in the light of the international financial reporting standards (IFRS) (An Empirical Study). Research in Economics and Management, 5(2), 21-38.
xv. Eriadi, M, I., & Abdullah, S. (2018). Determinant analysis of the quality of local government financial statements in north sumatra with the effectiveness of management of regional property as a mediator, *International Journal of Civil Engineering and Technology, 9*(5). 1334–1346.
xvi. Erlina, M. I., & Muda, I, (2018). Determinants of the implementation of risk-based internal auditing. *International Journal of Civil Engineering and Technology, 9*(5), 1360 - 1372.
xvii. Erlina, M. I., & Muda, I, (2018). The effect of self-efficacy and professional development on the work quality of internal auditor. *International Journal of Civil Engineering and Technology, 9*(5).1292-1304.
xviii. Erlina, M. I., Saputra, A., & Muda, I. (2017). Antecedents of budget quality empirical evidence from provincial government in Indonesia. *International Journal of Economic Research, 14*(12), 301-312.
xix. Erlina, M. I., Saputra, A., & Muda, I. (2017). The analysis of the influencing factors of budget absorption. *International Journal of Economic Research. 14*(12), 287-300.
xx. Erwin, K., Abubakar, E., Muda, I. (2018). The relationship of lending, funding, capital, human resource, asset liability management to non-financial sustainability of rural banks
xxi. (BPRs) in Indonesia. Journal of Applied Economic Sciences, 2(56), 520 – 542.
xxii. Farkas, M. J., & Hirsch, R. M. (2016). The effect of frequency and automation of internal control testing on external auditor reliance on the internal audit function. *Journal of Information Systems, 30*(1), 21.
xxiii. Farkas, M. J., & Hirsch, R. M. (2016). The Effect of frequency and automation of internal control testing on external auditor reliance on the internal audit function*. Journal of Information Systems, 30*(1), 21.
xxiv. Freeman, R., & Reed, N. (1983:1987). The Association between accounting earnings and security returns for large and small firms, *Journal of Accounting & Economics, 9,* 195-228.
xxv. Hayes, R., Schilder, A., Dassen, R. & Wallage, P., (2009). Principles of auditing: an international perspective, (2nd Ed) London: McGraw-Hill Publishing Company
xxvi. Jackson, J. K., Weiss, M. A., Schwarzenberg, A. B., & Nelson, R. M. (2020). Global economic effects of COVID-19. Congressional Research Center, 2(2), 1-32.
xxvii. Malaescu, I., & Sutton, S. G. (2015). The reliance of external auditors on internal audit's use of continuous audit. *Journal of Information Systems, 29*(1), 95-114.
xxviii. McKibbin, W., & Fernando, R. (2020). The global macroeconomic impacts of COVID-19: seven scenarios. Australian National University and Centre of Excellence in Population Ageing Research, 1(2), 1-43
xxix. Mechelli, A., Cimini, R., & Mazzocchetti, F. (2017). The usefulness of the business model disclosure for investors' judgments in financial entities. A European study. *Revista De Contabilidad, 20*(1), 1–12.
xxx. Oroud, Y., Islam, M. A., & Ahmad, T. S. T., & Ghazalat, A. (2019). Does audit quality moderate the relationship between accounting information and share price? Evidence from Jordan. *International Business Research, 12*(3), 58.
xxxi. Owolabi, S. A., Folarin, (2020). Big bath charges and shareholders' wealth in Nigeria The *International Journal of Business & Management, 8*(4), 471-478.
xxxii. Owolabi, S. A., Omotilewa, O..O. (2020). Public trust and financial reporting gap: evidence from underlined ethical issues. *International Journal of Research Publication, 56*(1),
xxxiii. Sardasht, M. S., &Rashedi, E. (2018). Identifying influencing factors of audit risk model: a combined Fuzzy ANP-DEMATEL approach. *The International Journal of Digital Accounting Research, 18*(8), 69-117.
xxxiv. Schilling, M. A. (2000). Decades ahead of her time: Advancing stakeholder theory through the ideas of Mary Parker Follet. *Journal of Management History*, *6*(5), 224-242.
xxxv. The Charter Institute of Internal Auditors. (2018, Dec 20). What's internal audit? Retrieved from https:// www.iia.org.uk/about-us/what-is-internal-audit/
xxxvi. The charter of certified accountant in England and wales. (2014, March). Guidance for audit committee 'The internal audit function'
xxxvii. The International Auditing and Assurance Standards Board (IAASB). (2013). International standard on auditing 610 (ISA610). Using the work of internal auditors. Retrieved from http://www.ifac.org/system/files/downloads/a034-2010-iaasb-handbook-isa-610.pdf

xxxviii. The Institute of Internal Audit. (2017). International standards for the professional practice of internal auditing (IA standards). Retrieved from https://na.theiia.org/standards-guidance/Public%20Documents/ IPPF-Standards-2017.pdf

xxxix. Toumeh, A. A., Yahya, S., & Siam, W. Z. (2018). Expectations gap between auditors and users of financial statements in the audit process: An auditors` perspective. *Asia-Pacific Management Accounting Journal, 13*(3), *79-107.*

xl. Pike, B. J., Chui, L., Martin, K. A., & Olvera, R. M. (2016). External auditors' involvement in the internal audit function's work plan and subsequent reliance before and after a negative audit discovery. auditing: *A Journal of Practice & Theory, 35*(4), 159–173. Doi:10.2308/ajpt-51486