



NOT-FOR-PROFIT

# COVID-19 Audit Committee Checklist

## 1. *How have financial reporting processes and controls been impacted?*

- Review the work environment as it relates to work from home and virtual work:
  - » What gaps do you see?
  - » Are new processes and controls documented?

## 2. *Were business conditions affected?*

- What is the impact of COVID-19 on financial position and results of operations?
- What considerations has management given to the valuation of accounts such as asset impairment, receivables, and allowances amongst others?
- Have significant estimates or assumptions changed?
- What communication has management provided to the committee on these topics?

## 3. *Is COVID-19 expected to materially affect the demand for services?*

- What consideration has management given to contracts and revenue streams?
- Has management communicated the impact on long-term projections?

## 4. *What's the impact on liquidity and capital resources?*

- Has management assessed impact on financing arrangements including debt covenants?
- Have related accounting and disclosure requirements been considered?

## 5. *Has the organization applied for or received assistance under the CARES Act?*

- What are financial reporting consequences?
- What are ongoing monitoring or reporting requirements?

## 6. *How do you maintain control of the committee's agenda?*

- Have you considered the roles of other board committees—investment, finance, academic affairs, and student affairs—in the risk management process?
- Can you mitigate agenda overload and inefficiency by working with the board chair to assign risk management responsibilities?
  - » Does the audit committee have the expertise and time to oversee the growing categories of risks?
  - » Do these trends require greater attention from the full board or even a dedicated sub-committee?



**7. *How can you sharpen your focus on the organization's culture, ethics, and compliance programs?***

- Are you closely monitoring the tone at the top and culture throughout the institution?
- How can you sharpen focus on behavior and identify yellow flags?
- Is there a system to understand programmatic incentives and pressures that influence behavior?
- Can you enlist internal audit's help in establishing key performance indicators?
- Have you updated the code of conduct and regulatory compliance and monitoring programs?
- Have you assessed the effectiveness of the whistle-blower reporting channels?
- Does the audit committee see all complaints?



**8. *How do you keep your entity operations running smoothly and cultivate a positive culture with unprecedented changes to the work environment?***

- Are strategies and objectives in line with the changing environment?
- Is the work remotely plan formalized?
- Are communication needs being addressed?
- Has the governing body reviewed and considered management's authority over significant decisions and limitations due to changing environment?
- Have business continuity plans been developed?



**9. *For higher education institutions, do you understand recent changes to federal Financial Responsibility Standards?***

- Can you create a process to familiarize yourself with triggering events?
- How do you ensure protocols are implemented to identify and communicate such events and that general counsel is involved?



**10. *What are some strategies to modernize and strengthen the back office?***

- Have you assessed how technology is impacting finance and internal audit's efficiency and ability to add value?
- Should you consider not enhancing legacy business practices, but instead focusing on dramatically altering how the organization does business?
- What are the plans to leverage intelligent and cloud technologies to automate activities?
- How will data analytics and artificial intelligence be used?
- Is finance attracting, developing, and retaining the talent and skills necessary to match its evolving needs?



11. *How can you continue to protect the organization from cyberattacks?*

- Do you understand the areas in which the organization is most vulnerable and the process in place to respond to a cyberattack?
- Have you established a focus on the five key areas of digital extortion and ransomware, general cyberattacks, accidental mishandling of data and security training, third-party cyber risk from vendors, and affiliated organizations and medical device security if applicable?
- Do you understand physical security?
- Have you ensured information technology (IT) is a function of the organizational strategy and not merely an IT function?

12. *Is your technology adequate to support remote work and your organization's security?*

- Do you have appropriate oversight structures and security processes in place when working from home?
- Has virtual auditing been coordinated with the external auditors?
- Are ongoing monitoring activities understood?

13. *What's the best approach for risk management?*

- Is there a process in place to proactively assess risk of significant changes?
- What specific areas of focus have been identified?
- Is there a plan to address existing risk assessments related to COVID-19?
- Is the audit committee engaged with the internal audit department (if applicable)?

14. *How does new legislation affect your organization?*

- Have you assessed the financial and business response to the CARES Act?
- Do you understand the impact of the act on the organization?

15. *How can you maintain financial reporting and disclosures?*

- Does the governing body continue to set the expectations for performance, integrity, and ethical values of senior management during COVID-19?
- Is there appropriate oversight for management's design, implementation, and conduct of internal controls during COVID-19?
- Are you reviewing and considering the current environment and impacts?
- Is the impact of loans and grants being considered?
- Is information being received, reviewed, and considered from management on how COVID-19 is impacting the organization?
- Are there open communication channels between the board, auditors, regulators, and employees?