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## The Impact of the Covid-19 pandemic on the Auditing of Subsequent Events of financial lists in Accordance with the International Auditing Standard No. (560)

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**The Impact of the Covid-19 pandemic on the Auditing of Subsequent  
Events of financial lists in Accordance with the International Auditing  
Standard No. (560)**

تأثير جائحة Covid-19 على مراجعة الأحداث اللاحقة للقوائم المالية وفقاً لمعيار المراجعة الدولي  
رقم (560)

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**Abstract**

This study aims mainly to reflect the impact of Covid-19 Pandemic on the auditing of subsequent events of financial lists in accordance with the international audit standard No. (560). to answer questions and test the study hypotheses, the researcher relied on the descriptive analytical approach, and to obtain the necessary data was distributed. After evaluating and judging from a number of specialists on the study community consisting of external audit offices operating in Cairo governorate, New Egypt City, Egypt, Arab Republic of Egypt, and 75 offices, as well as external audit offices operating in the governorates of the Gaza Strip in Palestine and 80 offices. The results of the study proved that there is an impact of Covid-19 Pandemic on the reviewer's design of procedures for obtaining adequate and appropriate audit evidence to identify and discuss subsequent events that need to be compromised with management. The study recommended that governance officials provide the auditor with a written declaration on an amendment if any subsequent events may affect the financial statements in the context of Covid-19 Pandemic, and the reviewers should obtain an understanding and inquiry about any measures put in place by the Administration to ensure the identification of subsequent events in the context of Covid-19 Pandemic.

**Keywords:** Covid-19 Pandemic, Subsequent Events, Financial Statements.

**ملخص**

تهدف هذه الدراسة بشكل رئيسي إلى تجسيد تأثير جائحة كوفيد-19 على استعراض الأحداث اللاحقة للقوائم المالية وفقاً لمعيار التدقيق الدولي رقم (560)، والإجابة على الأسئلة واختبار فرضيات الدراسة، اعتمد الباحثين على المنهج الوصفي التحليلي، وللحصول على البيانات اللازمة تم توزيع استبانة بعد تقييمها من عدد من المتخصصين على مجتمع الدراسة المكون من مكاتب التدقيق الخارجية العاملة في محافظة القاهرة بمدينة مصر الجديدة في جمهورية مصر العربية، وعددها 75 مكتباً، وكذلك مكاتب التدقيق الخارجية العاملة في محافظات قطاع غزة في فلسطين وعددها 80 مكتباً. وقد أثبتت نتائج الدراسة أن هناك تأثيراً لجائحة كوفيد-19 على تصميم عملية التدقيق لإجراءات الحصول على أدلة كافية ومناسبة لتحديد، ومناقشة الأحداث اللاحقة التي أثرت على البيانات المالية والتي تحتاج إلى تعديل ومناقشة مع الإدارة لاتخاذ الإجراءات المناسبة. وأوصت الدراسة بضرورة قيام مسؤولي الحوكمة بتزويد مدققي الحسابات إعلاناً خطياً بشأن أي تعديل إذا كانت هناك أي أحداث لاحقة قد تؤثر على البيانات المالية في ظل جائحة كوفيد-19، وينبغي أن يحصل المدققين على فهم كافي بشأن أي تدابير تتخذها الإدارة لضمان تحديد الأحداث اللاحقة في ظل جائحة كوفيد-19.

**الكلمات المفتاحية:** جائحة كوفيد-19، الأحداث اللاحقة، البيانات المالية.

**Introduction**

The world is currently facing rapid developments related to Covid-19 Pandemic, where the Pandemic has caused significant economic damage beyond the health effects of the virus.

Covid-19 Pandemic's an unprecedented crisis, and it is difficult to predict the results and future of companies afterwards, and in the auditing is treated as an emergency, has made the major global audit offices issue a warning, and communicates with its clients and offices around the world to develop a plan to deal with them, reflecting this Pandemic on the audit report. At the same time, audit offices have warned that the impact will be direct, and indirect, on companies, and that financial statements will be affected in turn.

The impact of Covid-19 Pandemic on the auditor's report and International Auditing and Assurance Standards Board, specifically on subsequent and emergency events that occurred between the end of the fiscal year and the date of the adoption of the financial statements, where under the criteria, Covid-19 Pandemic was classified as an emergency event that arose after the end of the reporting period, meaning that, the adjustment of the 2019 financial statements is not required. The auditor sat down to say that the company's business results are likely to occur in the future, whether positive or negative (Sawan, 2020).

The International Auditing and Assurance Standards Board (560) dealt with subsequent events that occur between the date of the preparation of financial statements and between the date of the report of references and the facts discovered after the date of the references, and have a material impact on the financial statements. These events either provide further evidence of the circumstances that existed in the history of the financial statements or refer to events that occurred after the date of the financial statements and are related to the financial statements, and therefore either require financial adjustment or disclosure. In the light of The Covid 19 Pandemic, the auditor must take into account the impact of these events on the financial statements and on the report of the auditing process under the Covid 19 Pandemic.

### **Study problem**

The rapid outbreak of Covid-19 Pandemic has caused worrying health, economic and social crises with which the world is grappling. Covid-19 Pandemic has had significant economic and financial implications around the world (Goodell, 2020). And it is important that this economic turmoil, together with market uncertainty, will affect investors' confidence in the financial performance of companies, therefore that may lead to many financial turmoil (KPMG, 2020). For this Covid-19 Pandemic will bring with it many issues and challenges for financial statements and auditors on various aspects of financial preparation and auditing. (ICAI, 2020)

While Covid-19 Pandemic continues to spread at the operational level with increasing economic, social and financial risks such as bankruptcy and fraud. Investors and other stakeholders need high-quality financial information more than ever before. Under the current circumstances, auditors should be aware that the way they conducted audits in the past may need to be significantly adjusted to meet the challenges and uncertainties created by the impact of Covid-19 Pandemic.

Subsequent events under Covid-19 Pandemic are factors that have an impact on the financial position or business outcomes. as the result in an adjustment of the financial lists according to the nature of that event. There are some events that may not be adjusted financially due to them but, are disclosed in the reference report, and the above can be formulated through the following research questions:

### **The main question**

What is the impact of Covid-19 Pandemic on auditing financial statements in accordance with the International Audit Standard (560)?

### **The following sub-questions are derived from the chair question:**

1. What is the impact of Covid-19 Pandemic on obtaining sufficient and appropriate audit evidence to identify subsequent events that need to be discussed with management?
2. What is the impact of Covid-19 Pandemic on the actions set by the Department to ensure that subsequent events are identified and reliably relied upon when conducting the audit?
3. What is the impact of Covid-19 Pandemic on the auditor who determines to what extent the financial statements need to be adjusted and how does management intend to address them if necessary?

### **Study objectives**

The main objective of the study is to reflect the impact of Covid-19 Pandemic on the Auditing of subsequent events of financial lists in accordance with the International Auditing Standard No. (560), and the main objective is branched by a set of sub-objectives:

1. To demonstrate the impact of Covid-19 Pandemic on the reviewer's design of procedures for obtaining adequate and appropriate audit evidence to identify and discuss subsequent events that need to be compromised with management.
2. To demonstrate the impact of Covid-19 Pandemic on the reviewer's verification of the procedures established by the Department to ensure that subsequent events are identified, adequate and reliable, so that they can be relied upon.
3. To show the impact of Covid-19 Pandemic on the auditor's determination of the need for financial statements to be adjusted and how the administration intends to address them in the financial statements if necessary.

## The importance of study

### *Scientific importance*

This study derives its importance from the importance of the topic you are discussing, which is the subject of the hour, and this is in light of the high prevalence of Covid-19 Pandemic worldwide

### *Practical importance*

This study focuses on the implications of Covid-19 Pandemic and its impact on the Auditing of the subsequent events of the financial lists in accordance with the international audit standard No. (560), which leads to a higher level of profession and increases the level of disclosure and credibility in the financial reports of the establishment and that are needed by the client for internal and external parties alike.

## Study hypotheses

In light of the problem, objectives and importance of the study, the study hypotheses can be formulated as follows:

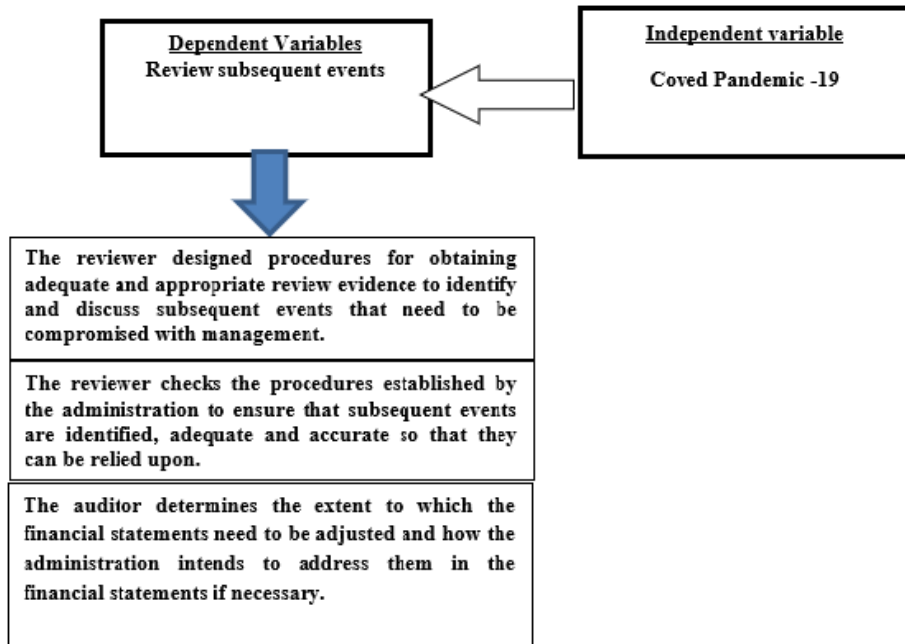
### The main hypothesis

There is an impact of Covid-19 Pandemic on the auditing of subsequent events of financial lists in accordance with the international auditing Standard No. (560).

The main hypothesis is branched by the following sub hypotheses:

1. **The first Sub-hypothesis:** There is an impact on the reviewer's design of procedures for obtaining adequate and appropriate audit evidence to identify and discuss subsequent events that need to be compromised with management.
2. **The second Sub-hypothesis:** There is an effect of Covid-19 Pandemic on the auditors can the procedures established by the Department to ensure that subsequent events are identified, sufficient and accurate so that they can be relied upon.
3. **The third Sub-hypothesis:** There is an impact on the auditor's determination of the need for financial statements to be adjusted and how the administration intends to address them in the financial statements if necessary.

**Study Model**



**Form (1):** Study Model.

**The limits of the study**

The results of this study are determined by the following limits:

- **Time limit:** The period it takes to prepare this research during 2021.
- **Spatial limit:** Audit offices operating in Gaza Strip in Palestine, and audit offices operating in Cairo governorate, Egypt.
- **Human limit:** Auditor.
- **Objective limit:** Study of the impact of Covid-19 Pandemic on the Auditing of subsequent events of financial lists in accordance with the International Auditing Standard No. (560).

### **Study divisions**

In light of the importance of the study and the achievement of the problem and objectives of the study and taking into account the method used to form a scientific flow through theoretical and practical study, this study was divided into three parts: where the first part dealt with the theoretical framework, the second part dealt with the practical framework through the field study in which the hypotheses were tested, while the third part was allocated to presentation of the results and wills.

### **Literature Reviews**

The study (Mahmoud, Tahan, 2020) confirmed that Covid-19 Pandemic will create many problems and challenges for external references, the most important of which are: the need for continuous updating of the audit plan, the high level of audit risk, the inadequacy and appropriateness of the usual and appropriate audit procedures, the problems of reviewing the components of the group, the evaluation of the company's ability to continue, the problems of reviewing subsequent events, the auditing of accounting estimates, and the problems of modifying the audit report. The results of the study also indicated that through a range of mechanisms can overcome these problems and challenges, including: obtaining written declarations from management and governance officials with continuous communication with them, using the work of experts, practicing references for a high level of doubt and professional governance, maintaining the ethics of the profession and the requirements of independence, and holding the auditor to a high level of quality of review, and compatibility between the criteria of Egyptian and international review, as addressed the study (d., 2020 Rajat,) exacerbated the echo of Covid-19 Pandemic on financial reporting and corporate auditing, causing a dramatic uproar not only for management but also for auditors, who were entrusted with the responsibility of ensuring the validity and integrity of financial reports.

Noted that the need for a auditing process stems from the need to meet the needs of the community, and therefore, it is expected that the audit will be in constant change and development in order to meet the evolving needs of the community, and that the auditor should carry out audit procedures designed to obtain sufficient and appropriate audit evidence that all events requiring modification or disclosure in the financial statements between the date of preparation of financial statements and the auditor's report have been identified





### **Comment on previous studies**

The researcher reviewed a number of previous studies, which dealt with the impact of Covid-19 Pandemic on the criterion of events following the history of financial statements, where it led to the need to modify and disclose many items of financial statements at the same time, i.e. the Pandemic led to a lack of differentiation between events that require amendment or disclosure, as these events require simultaneous modification and disclosure, as well as the risks associated with Covid-19 Pandemic virus. The possibility of facts after the issuance of financial statements that the Auditor was not aware of until afterwards. The International Audit Standard (560) has also established clear and known requirements to deal with the facts visible after preparing financial statements, as auditors may have difficulty accessing evidence and the people they need to support their opinion on the audit process, for example, travel restrictions will prevent them from visiting workers' sites. There are challenges facing auditors, the most important of which is the need for continuous updating of the audit plan, the high level of audit risk, and inadequate and appropriateness. The usual and appropriate audit procedures, the problems of reviewing the components of the group, the evaluation of the company's ability to continue, the problems of reviewing subsequent events, the auditing of accounting estimates, and the problems of modifying the audit report.

### **Benefits from previous studies**

In light of the presentation of previous studies, the researcher benefited from these efforts in preparation of the current study, where these studies can be used in the following topics:

- Compare the results of previous studies with the results of the current study.
- Find out the appropriate statistical methods for processing data.
- Building a tool and questionnaire in the light of the questions answered by the current study.

Enriching the theoretical framework of the current study.

### **The most important thing that distinguishes this study from previous studies**

This study is one of the first studies on this subject, which is concerned with talking about the impact of Covid-19 Pandemic on reviewing the events



**Accounting**

- Adjust financial statements for adjusting events - events after the balance sheet date that provide further evidence of conditions that existed at the end of the reporting period, including events that indicate that the going concern assumption in relation to the whole or part of the enterprise is not appropriate (IAS 10.8).
- Do not adjust for non-adjusting events - events or conditions that arose after the end of the reporting period (IAS 10.10).
- If an entity declares dividends after the reporting period, the entity shall not recognise those dividends as a liability at the end of the reporting period. That is a non-adjusting event (IAS 10.12).

**Going concern issues arising after end of the reporting period**

An entity shall not prepare its financial statements on a going concern basis if management determines after the end of the reporting period either that it intends to liquidate the entity or to cease trading, or that it has no realistic alternative but to do so (IAS 10.14).

**Disclosure**

Non-adjusting events should be disclosed if they are of such importance that non-disclosure would affect the ability of users to make proper evaluations and decisions. The required disclosure is (a) the nature of the event and (b) an estimate of its financial effect or a statement that a reasonable estimate of the effect cannot be made (IAS 10.21). A company should update disclosures that relate to conditions that existed at the end of the reporting period to reflect any new information that it receives after the reporting period about those conditions (IAS 10.19).

Companies must disclose the date when the financial statements were authorised for issue and who gave that authorisation. If the enterprise's owners or others have the power to amend the financial statements after issuance, the enterprise must disclose that fact (IAS 10.17). Paragraph "5" of the Egyptian Audit Standard No. (560) gives examples of some things that may be appropriate for the auditor to study in the context of such inquiries, and the auditor, depending on the circumstances, can examine the need for the representation letter to cover



### 1. Modified death

These events provide additional evidence about the circumstances that prevailed in the history of the budget, and this type of event requires the modification of the financial statements (Abu Nassar, Hamidat, 2008), for example (Hammad, 2011):

- Bankruptcy of the client emerging without the customer's accident and a major disaster after the date of the budget.
- Bankruptcy of the investor in the establishment, which arose from a non-exposure to this facility and a major disaster after the budget date.
- Resolution of tax disputes and lawsuits that were uncertain and present in the history of the budget.

### 2. Unadjusted events

These are the facts that indicate events that arose after the budget date, but they don't require budget adjustment. They should not be included in the financial statements as amendments, but should be disclosed by including them in the complementary clarification of financial lists (Lotfi, 2010), and examples such as:

- Merger of a commercial facilities and purchase of an existing facility.
- Earthquake and floods a similar event.
- A share issue or a bond issue.
- Loss of assets and decrease in value.

### **Auditing procedures in the light of Covid-19 Pandemic in accordance with the International Audit Standard No. (560)**

The Auditor will need to perform many of the procedures on subsequent events required by the auditing standard (560) of subsequent events, which may include (Al-Awad, 2020):

- To come up with an understanding of all the procedures that management has put in place to ensure that subsequent events are identified

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- To ask the administration and governance officials, as appropriate, whether any events that have not really occurred and may have had an impact on the financial statements Covid-19 Pandemic remains.
- Compare the latest provisional (interim) financial statements with the financial statements being reviewed.
- Read the minutes of the meetings of the General Assembly of shareholders, directors and related committees and inquire about the issues considered in meetings with the minutes of the sessions.
- Enquire with management about any subsequent events that occurred under a Pandemic and may fundamentally affect the financial statements of the facility.
- Enquire with the client's legal counsel about litigation and claims between the company and other parties to determine the size of the liabilities on the enterprise that affect the financial statements under Auditing under Covid-19 Pandemic.
- Obtaining a letter of representation from the administration that includes information regarding the subsequent events in the context of Covid-19 Pandemic.
- The auditor must perform the process of examining the updates and financial processes that occur after the preparation of financial statements under Covid-19 Pandemic in order to determine the extent to which things may affect the metering and presentation of the financial statements for the current period.

The term subsequent events refer to each of the events that arise between the end of the financial period and the date of the auditor's report, and the Auditor must take into account the impact of subsequent events in the financial statements and the reference report, and the facts discovered after the date of the reference report (Sage, 2015).

It is clear to the researchers that under the current circumstances of Covid-19 Pandemic, which is a source of uncertainty, and the huge effects on companies and institutions, expected that users of the financial statements will give greater attention to the auditor's report on the fairness of financial statements and the

fact that they represent the reality and performance of the company. Therefore, the reviewers had to exert a lot of professional attention under Covid-19 Pandemic, and to continue to comply fully with the international audit standards when carrying out audit work, and when the references were sold to these procedures for the subsequent Auditing of the 29th audit under Covid-19 Pandemic and in the light of the fact that he obtained the evidence of the Auditing and that his report may include subsequent events affecting the financial statements, so the work of the Auditor sought to be entrusted with all honesty and honesty, and therefore does not bear any professional responsibility.

### **Practical framework of study (field study)**

The researchers conducted the field study to test the hypotheses of the study and achieve its objectives as follows:

#### **First: Curriculum**

The descriptive analytical approach has been used as the appropriate approach to the study of social and human phenomena, and data collection is based on secondary and primary sources as follows:

**Secondary sources:** it consists of books, research, scientific letters, periodicals and the Internet.

**Preliminary sources:** It consists of a specially prepared questionnaire for this purpose, to obtain the required information, and the SPSS statistical programme is used to analyse the survey list and test the study's assumptions.

#### **Second: The study community**

The study community consists of the 75 external audit offices operating in Cairo governorate, New Egypt, Arab Republic of Egypt, as well as the 80 external audit offices operating in the Governorates of the Gaza Strip in Palestine.

#### **Third: Study tool**

The study used the survey list as a key tool in the field study, where the survey list was developed in the light of a comprehensive auditing of previous theoretical and scientific studies on the study variables, and the survey list included two main sections:





**A. The honesty of the arbitrators (virtual honesty)**

The researcher presented the questionnaire to a group of arbitrators, made up of university professors specializing in accounting and statistics.

**B. The validity of the measurement:****1. Internal consistency of questionnaire paragraphs**

The researcher calculated the internal consistency of the questionnaire paragraphs on the 30-single survey community by calculating the correlation factor between each of the questionnaires and the overall degree of the field.

**Table 2 shows the correlation factor between each paragraph of the first hypothesis:** "There is an impact of Covid-19 Pandemic on the references designing procedures to obtain sufficient and appropriate auditing evidence to identify and discuss subsequent events that need to be resolved and discussed with management". The overall degree for the hypothesis, which shows that the correlation coefficients shown range from (0.600, 0.804), a function at a moral level ( $\alpha=0.01$ ) and thus considers this hypothesis to be true to what was developed to measure it.

**Table (2):** Pearson's correlation factor between each paragraph of the first hypothesis and the overall degree of hypothesis.

M	Axis	Pearson Coefficient	Morale level
1	The Auditor reviews events following the date of the financial statements until the date of the release of his report, which may materially affect financial statements under Covid-19 Pandemic.	0.756*	0.000
2	The Auditor identifies subsequent events that affected the financial statements and need to be amended and discussed with management and take appropriate action under the circumstances of Covid-19 Pandemic.	0.600*	0.000
3	The new or amended audit report contains a confirmation paragraph on the reason for the adjustment of the financial statements and the previous report issued by the auditor.	0.724*	0.000

... continue table (2)

M	Axis	Pearson Coefficient	Morale level
4	The Auditor identifies sufficient and appropriate evidence to identify and discuss subsequent events that need to be resolved with management under Covid-19 Pandemic.	0.804*	0.000
5	The Auditor obtains an understanding and inquiry about any measures put in place by the Department to ensure that subsequent events are identified under Covid-19 Pandemic.	0.676*	0.000
6	The Auditor performs audit procedures designed to obtain sufficient and appropriate audit evidence that all events between the date of the issuance of financial statements and the date of the issuance of the reference report requiring the modification or disclosure of financial statements have been identified.	0.732*	0.000
7	The auditor is inquired by the administration where it is appropriate for governance officials to provide him with a written declaration on the amendment of whether any subsequent events may affect the financial statements under Covid-19 Pandemic.	0.778*	0.000

\* Link D statistically at the indication level ( $\alpha=0.01$ ).

**Table 3 shows the correlation factor between each paragraph of the second hypothesis:** "There is an impact of Covid-19 Pandemic on the references confirming the procedures set by the Department to ensure that subsequent events are determined, sufficient and accurate so that they can be relied upon" and the overall degree for the hypothesis, which shows that the correlation coefficients shown range from (0.668, 0.852), a function at a moral level ( $\alpha=0.01$ ) this hypothesis is therefore true to what was developed to measure it.

**Table (3):** Pearson's correlation factor between each paragraph of the second hypothesis and the overall degree of hypothesis.

<b>M</b>	<b>Axis</b>	<b>Pearson Coefficient</b>	<b>Morale level</b>
1	The auditor from the Administration inquires whether any subsequent events have occurred that may have an impact on the financial statements under Covid-19 Pandemic.	0.709*	0.000
2	The reference will see the minutes of the meetings of shareholders and supervisors, including the Auditing committee and executive committees under Covid-19 Pandemic.	0.710*	0.000
3	The auditor will see the company's latest financial statements, discretionary budgets, cash flow forecasts and related management reports under Covid-19 Pandemic.	0.750*	0.000
4	The Auditor inquires about the latest developments in judicial disputes with the company documented by the legal counsel and the last opinion about them under Covid-19 Pandemic.	0.773*	0.000
5	The auditors check the policies and procedures developed by the Department to determine the subsequent events and their adequacy and accuracy so that they can be relied upon under Covid-19 Pandemic.	0.852*	0.000
6	The Auditor requests a statement of the impact of the change of legislation on the financial statements after they have been prepared and the subsequent events they have caused under Covid-19 Pandemic.	0.668*	0.000
7	The Auditor examines the procedures that the department has developed to confirm the diagnosis of subsequent events under Covid-19 Pandemic.	0.674*	0.000
8	The Auditor inquires whether there were unusual accounting settlements or an intention to conduct them as a result of Covid-19 Pandemic.	0.844*	0.000

\* Link D statistically at the indication level ( $\alpha=0.01$ )



## 2. Structural honesty of existing areas

The structural honesty of the questionnaire paragraphs was calculated on the study community, by calculating the correlation factor between the overall degree of each axis and the overall degree of resolution.

**Table 5** shows that all correlation coefficients in all resolution axes are statistically indicative at a moral level ( $\alpha=0.01$ ), thus considering all resolution axes to be true to what they have been developed to measure.

**Table (5):** Pearson correlation coefficient between the degree of each area of resolution with the overall degree of resolution

R.M.	Axis	Pearson Coefficient	Morale level
The first	Covid-19 Pandemic has an impact on the Auditor designing procedures to obtain adequate and appropriate Auditing evidence to identify and discuss subsequent events that need to be resolved and discussed with management.	.724 0*	0.000
Second	Covid-19 Pandemic has an impact on the reviewer's assurance of the procedures set by the Department to ensure that subsequent events are determined, sufficient and accurate so that they can be relied upon.	0.748*	0.000
Third	Covid-19 Pandemic has an impact on the auditor's determination of the extent to which financial statements need to be adjusted and how management intends to address them in financial statements if necessary.	0.755*	0.000

\* Link D statistically at the indication level ( $\alpha=0.01$ ).

The results of pearson link transactions in table 5 indicate that internal consistency is available in the survey list areas, with the highest correlation coefficient of 0.755 for the third axis, while the lowest correlation coefficient was 0.724 for the first axis.

**Fifth: Stability of the survey list**

The researchers tested the stability of the survey list by calculating the Cronbach Alpha link coefficient for each of the list areas, as shown in table (2):

**Table (6):** Results of the stability of the survey list using the Alpha Kronbach link coefficient.

M.	Axis	Number of paragraphs	Alpha Kronbach Coefficient
first	Covid-19 Pandemic has an impact on the Auditor designing procedures to obtain adequate and appropriate Auditing evidence to identify and discuss subsequent events that need to be resolved and discussed with management.	7	0.867
Second	Covid-19 Pandemic has an impact on the reviewer's assurance of the procedures set by the Department to ensure that subsequent events are determined, sufficient and accurate so that they can be relied upon.	8	0.859
Third	Covid-19 Pandemic has an impact on the auditor's determination of the extent to which financial statements need to be adjusted and how management intends to address them in financial statements if necessary.	7	0.827

It is clear from the previous table that alpha kronbach transactions range from 0.827 to 0.867, while honesty transactions ranged from 0.931 to 0.909, indicating that the questionnaire is consistent and honest, so that the researchers have confirmed the consistency and sincerity of the study questionnaire, which makes them fully confident of the validity of the questionnaire and its validity to analyze the results, answer the study questions and test its hypothesis.

**Sixth: Results of the field study****A. The descriptive statistics of the personal information of the sample:**

**Table 7** shows the personal characteristics of the study sample in terms of scientific qualification, specialization, career title, and years of experience:

**Table (7):** shows the distribution of the sample by their personal variables

Statement		Iteration	%
Scientific qualification	Bachelor	107	69.1
	Master	36	23.2
	Doctor	12	7.7
Total		155	100.0
Job title	Office Manager	42	27.1
	Partner in an office accountant	63	40.6
	accountant	50	32.3
Total		155	100.0
Years of experience	Less than 5 years	33	21.3
	5 to less than 10 years	49	31.6
	10 to under 15 years old	42	27.1
	15 years and older	31	20.0
Total		155	100.0

It is clear from the previous table that:

- The study community is represented by auditors in the Arab Republic of Egypt in Cairo governorate, Gaza Strip in the State of Palestine, and is directly related to the nature of the audit process in the external audit offices, making the community suitable for study.
- The scientific qualifications of members of the community range from bachelor's, master's and the study community has great career experiences in the external auditing process, making the study community representative of all practical qualifications in the auditing and appropriate experiences.



### 1. Statistical analysis of the results of the study and the testing of hypotheses:

#### Analysis and testing of the paragraphs of the first hypothesis

(There is an impact of Covid-19 Pandemic on the Auditor designing procedures to obtain sufficient and appropriate Auditing evidence to identify and discuss subsequent events that need to be resolved and discussed with management), the T test was used to determine the average response score of (3) or not in the sample members, and the results are shown in the following table:

**Table (8):** Results of statistical analysis of the paragraphs of the first hypothesis.

M	Phrases	Arithmetic medium	Standard deviation	Relative weight	T test value	Probability value(.sig)	ranking
1	The Auditor reviews events following the date of the financial statements until the date of the release of his report, which may materially affect financial statements under Covid-19 Pandemic.	3.38	1.02	67.61	4.64	0.000	3
2	The Auditor identifies subsequent events that affected the financial statements and need to be amended and discussed with management and take appropriate action under the circumstances of Covid-19 Pandemic.	3.40	1.05	68.00	4.722	0.000	2
3	The new or amended audit report contains a confirmation paragraph on the reason for the adjustment of the financial statements and the previous report issued by the auditor.	3.50	1.08	70.07	5.783	0.000	1
4	The Auditor identifies sufficient and appropriate evidence to identify and discuss subsequent events that need to be resolved with management under Covid-19 Pandemic.	3.17	1.02	63.36	2.037	0.042	5

...continue table (8)

M	Phrases	Arithmetic medium	Standard deviation	Relative weight	T test value	Probability value(.sig)	ranking
5	The Auditor obtains an understanding and inquiry about any measures put in place by the Department to ensure that subsequent events are identified under Covid-19 Pandemic.	3.21	1.02	64.26	2.584	0.010	6
6	The Auditor performs audit procedures designed to obtain sufficient and appropriate audit evidence that all events between the date of the issuance of financial statements and the date of the issuance of the reference report requiring the modification or disclosure of financial statements have been identified.	3.37	1.18	67.48	3.930	0.000	4
7	The auditor is inquired by the administration where it is appropriate for governance officials to provide him with a written declaration on the amendment of whether any subsequent events may affect the financial statements under Covid-19 Pandemic.	3.21	1.05	64.02	2.365	0.020	7
<b>Total paragraphs</b>		<b>3.33</b>	<b>0.73</b>	<b>66.39</b>	<b>5.42</b>	<b>0.000</b>	<b>-</b>

**The previous table shows**

- As a result of approval of the first area, the average answers in the hypothesis paragraphs range from (3.21) to (3.50).

Paragraph 3, which states that "the new or amended audit report contains a confirmation paragraph on the reason for the adjustment of the financial statements and to the previous report issued by the auditor", obtained the highest mathematical average of (3.50) and the relative weight (70.07%), while paragraph 7 (7) states that "The auditor is inquired by the administration where it is appropriate for governance officials to provide him with a written declaration



**Table (9):** Results of statistical analysis of the paragraphs of the second hypothesis.

Me	Phrases	Arithmetic medium	Standard deviation	Relative weight	T-test value	Probability value(.sig)	ranking
1	The auditor from the Administration inquires whether any subsequent events have occurred that may have an impact on the financial statements under Covid-19 Pandemic.	3.38	1.14	67.74	4.220	0.000	4
2	The reference will see the minutes of the meetings of shareholders and supervisors, including the Auditing committee and executive committees under Covid-19 Pandemic.	3.31	1.02	66.19	3.070	0.000	6
3	The auditor will see the company's latest financial statements, discretionary budgets, cash flow forecasts and related management reports under Covid-19 Pandemic.	3.06	1.18	60.13	0.068	0.000	7
4	The Auditor inquires about the latest developments in judicial disputes with the company documented by the legal counsel and the last opinion about them under Covid-19 Pandemic.	3.39	1.00	67.87	4.884	0.000	3
5	The auditors check the policies and procedures developed by the Department to determine the subsequent events and their adequacy and accuracy so that they can be relied upon under Covid-19 Pandemic.	3.63	1.011	72.64	7.771	0.000	1
6	The Auditor requests a statement of the impact of the change of legislation on the financial statements after they have been prepared and the subsequent events they have caused under Covid-19 Pandemic.	3.36	1.15	67.22	3.891	0.000	5
7	The Auditor examines the procedures that the department has developed to confirm the diagnosis of subsequent events under Covid-19 Pandemic.	3.54	1.04	70.84	6.489	0.000	2
8	The Auditor inquires whether there were unusual accounting settlements or an intention to conduct them as a result of Covid-19 Pandemic.	3.00	1.14	60.01	1.101	0.011	8
<b>Total paragraphs</b>		<b>3.32</b>	<b>0.77</b>	<b>66.40</b>	<b>5.170</b>	<b>0.000</b>	<b>-</b>

### **The previous table shows**

- As a result of approval of the first area, the average answers in the hypothesis paragraphs range from (3.00) to (3.63).

Paragraph 5, which states that "the auditor shall ascertain the policies and procedures established by the Department to determine the subsequent events and their adequacy and accuracy so that they can be relied upon under Covid-19 Pandemic" have obtained the highest arithmetic average of (3.63) and relative weight (72.64) However, paragraph 8, which states that "the auditor inquires whether there are unusual accounting adjustments or that there is an intention to conduct them as a result of Covid-19 Pandemic, has obtained the lowest account average of (3.00) and relative weight (60.01%).

- The arithmetic average for all paragraphs of the hypothesis (3.78) came with a relative weight of (75.63).

### **The result of the hypothesis test**

From the above it can be drawn that (T) scheduling is less than (T) calculated, which means rejecting the nihilistic hypothesis and accepting the alternative hypothesis that "there is an impact of Covid-19 Pandemic on the references verifying the procedures established by the administration to ensure that subsequent events are determined and sufficient and accurate to be relied upon", and that there is a significant impact on the independent variable (c) Covid-19 regulation on the dependent variable (the auditors confirm the procedures put in place by the administration to ensure that subsequent events are determined, sufficient and accurate to be relied upon), and that the Egyptian and Palestinian external audit offices agree that Covid-19 Pandemic significantly affected the actions taken by the Administration on subsequent events under the uncertainty associated with the Pandemic.

As a result of the hypothesis test, the researchers believe that the current study is consistent with the results of the study of Mahmoud and Hussein, 2020, (Al-Jabali, 2020) However, Covid-19 Pandemic has an impact on the reviewer's assurance of the adequacy and accuracy of the procedures set by the department to ensure that subsequent events are identified, but varies with the results of the study of Mahmoud, The Exam, (Rajat, d, 2020), (Asan arc, 2020), (Abu Talib, 2020), (Rashwan, Alhelou, 2020).

**Analysis and testing of the paragraphs of the third hypothesis**

(There is an impact of the Covid-19 Pandemic on the references determining the need for financial statements to be adjusted and how the administration intends to address them in the financial statements if necessary), the T test was used to determine the average response score of (3) or not in the sample members, and the results are shown in the following table:

**Table (10):** Results of statistical analysis of the paragraphs the third hypothesis.

M	Phrases	Arithmetic medium	Standard deviation	Relative weight	T test value	Probability value(.sig)	ranking
1	The Auditor <i>inquires</i> about the extent to which the company is subject to scrutiny by government or regulatory agencies and to explain the reasons for this and its impact on the financial statements under Covid-19 Pandemic.	3.39	0.891	67.79	3.838	0.000	2
2	The auditor asks the company to disclose the reasons for acting on the sale or planning to sell certain production assets after the date of preparation of financial statements under Covid-19 Pandemic.	3.21	0.908	64.16	2.008	0.048	5
3	The Auditor examines the reasons for the company's request to increase capital after the date of the preparation of financial statements or submit a request for approval to issue bonds guaranteeing the company's assets and the reasons for this under Covid-19 Pandemic.	3.34	0.837	66.75	3.541	0.001	4
4	The Auditor <i>inquires</i> about any unusual changes that have occurred to the company's shareholders and long-term loans under Covid-19 Pandemic.	3.35	0.870	67.01	3.536	0.001	3

Continue table (10)

M	Phrases	Arithmetic medium	Standard deviation	Relative weight	T test value	Probability value(.sig)	ranking
5	The Auditor inquires about possible new obligations or guarantees after the date of the preparation of financial statements under Covid-19 Pandemic.	3.01	0.939	60.26	0.121	0.904	7
6	The Auditor inquires about the regularity of the work of the production and operating lines after the preparation of financial statements under Covid-19 Pandemic.	3.18	0.869	63.64	1.835	0.070	6
7	The auditor examines (doubtful debt, inventory valuation, financial investments, continuity principle) under Covid-19 Pandemic to indicate the need to modify financial statements.	3.45	0.897	69.09	4.449	0.000	1
<b>Total paragraphs</b>		<b>3.28</b>	<b>0.735</b>	<b>65.53</b>	<b>3.300</b>	<b>0.001</b>	<b>-</b>

**The previous table shows**

- As a result of approval of the third area, the average answers in the paragraphs of the hypothesis range from (3.01) to (3.45).

Paragraph 1, which states that "the auditor examines (doubtful debt, inventory valuation, financial investments, the principle of continuity) under Covid-19 Pandemic to indicate the need to modify financial statements" has obtained the highest average account of (3.45) and relative weight (69.69). 09%), while paragraph 5, which states that "the Auditor inquires about new potential obligations or guarantees after the date of preparation of financial statements under Covid-19 Pandemic", has received the lowest account average of (3.01) and relative weight (60.26%).

- The arithmetic average for all paragraphs of the hypothesis (3.28) and a relative weight of (65.53).

#### **The result of the hypothesis test**

From the above it can be concluded that (T) scheduling is lower than (T) calculated, which means rejecting the nihilistic hypothesis and accepting the alternative hypothesis that "there is an impact of Covid-19 Pandemic on the references determining the need for financial statements to be adjusted and how management intends to address them in financial statements if necessary", and that there is an average effect of the independent variable (Covid -19) On the subordinate variable (the auditor determines the need for financial statements to be adjusted and how the administration intends to address them in the financial statements if necessary), the results show that the external audit offices in the Arab Republic of Egypt and the State of Palestine were affected by Covid-19 Pandemic, which affected the audit profession, resulting in audit offices determining the extent to which the company's management adjusted the lists for finance if necessary.

As a result of the hypothesis test, the researchers believe that the current study is consistent with the results of the study of (Abu Taleb, 2020), that there is an impact of Covid-19 Pandemic on the references determining the need for financial statements to be adjusted and how the administration intends to address them in the financial statements if necessary, but differs with the results of the study of both (Mahmoud, 2020), (Rajat, d, 2020), (Kaqous, 2020), (Rashwan, Alhelou, 2020), (Mahmoud, Hussein, 2020), (Jabali, 2020).

#### **Analysis of regression measurement of study variables**

1. Analysis of the standard regression of the child variable: (The auditor designs procedures to obtain adequate and appropriate Auditing evidence to identify and discuss subsequent events that need to be resolved with management).





probability value (Sig.) Below the  $0.05 \geq$  indication level  $\alpha$  this indicates that Covid-19 Pandemic has an impact on the Auditor designing procedures for obtaining adequate and appropriate auditing evidence to identify and discuss subsequent events that need to be resolved and discussed with management according to the following regression equation:

$$Y = -0.439 + 1.061X_1$$

This means that the independent variable (Covid-19 Pandemic) affects the child variable (the auditor designs procedures to obtain sufficient and appropriate audit evidence to identify subsequent events that need to be resolved and discussed with management) by 94%, indicating that Covid-19 Pandemic significantly affects the audit offices in the Arab Republic of Egypt and the State of Palestine to develop procedures for obtaining audit evidence that can be used to identify post-financial list events.

## **2. Analysis of the standard regression of the dependent variable**

(The reviewers check the procedures set by the department to ensure that subsequent events are determined and sufficient and accurate so that they can be relied upon).

**Table (12):** Analysis of the standard regression of the child variable the Auditor confirms the actions set by the department to ensure that subsequent events are determined, sufficient and accurate.

Independent variables	Regression coefficients	Link coefficient R	Selection factor R <sup>2</sup>	Confidence level (0.05)	
Hard	0.867				
The auditors check the procedures set by the department to ensure that subsequent events are determined and sufficient and accurate so that they can be relied upon.	0.905	0.933	0.870	Slab	
ANOVA Contrast Analysis					
F test value	9.118	R <sup>2</sup> adjusted selection factor value	0.870	Probability value	0.000

\* Child variable appropriate accounting information D at 0.05 indication level

To see the impact of Covid-19 Pandemic on the audit of the department's procedures to ensure that subsequent events are identified, sufficient and accurate to be reliable, regression analysis has been carried out, and it is clear from the previous table that the adjusted selection factor = 0.870, which means that The change in the references' assurance of the procedures put in place by the Department to ensure that subsequent events are determined, sufficient and accurate so that they can be relied upon (dependent variable) have been explained by the change in Covid-19 Pandemic (independent variable). Below the  $0.05 \geq \alpha$  indication of the impact of Covid-19 Pandemic on the references' assurance of the procedures put in place by the Department to ensure that subsequent events are determined, sufficient and accurate so that they can be relied upon according to the following regression equation:

$$Y = 0.867 + 0.0905X_3$$

This means that the independent variable (Covid-19 Pandemic) affects the child variable (the Auditor confirms the procedures set by the department to ensure that subsequent events are determined and sufficient and accurate to be relied upon) by 90%, which shows that the Pandemic Movid-19 directly and significantly affected the Auditing profession, particularly on the fact that the audit offices of the Arab Republic of Egypt and the State of Palestine confirmed the procedures put in place by the Administration to ensure that subsequent events are determined, sufficient, accurate and reliable during the auditing process. With uncertainty associated with Covid-19 Pandemic.

**3. Analysis of the standard regression of the dependent variable:** (the auditor determines the need for adjustment of financial statements and how management intends to address them in financial statements if necessary).

**Table (13):** Analysis of the standard regression of the child variable the Auditor determines the need for the financial statements of adjustment.

Independent variables	Regression coefficients	Link coefficient R	Selection factor R2	Confidence level (0.05)	
Hard	0.865				
The auditor determines the extent to which financial statements need to be adjusted and how management intends to address them in financial statements if necessary.	0.904	0.940	0.884	Slab	
ANOVA Contrast Analysis					
F test value	8.134	R2 adjusted selection factor value	0.884	Probability value	0.000

\* Child variable appropriate accounting information D at 0.05 indication level.



Pandemic crisis, auditors must take into account the impact of these events on financial statements and on the reporting of the audit process under Covid- 19 Pandemic, and they must be aware that the way in which they conducted audits in the past may need to be significantly adjusted to meet the challenges and uncertainty caused by the impact of Covid-19 Pandemic.

Based on the results of the statistical analysis of the data and the survey of the study community, we conclude that there is an impact of Covid-19 Pandemic on the design of procedures for obtaining sufficient and appropriate audit evidence to identify and discuss subsequent events that need to be resolved with management, where the auditor identifies subsequent events that have affected On financial statements that need to be amended and discussed with the administration and take appropriate action under the circumstances of Covid-19 Pandemic, the external audit offices of the Arab Republic of Egypt and the State of Palestine are reviewing events following the date of the financial statements and up to the date of the issuance of his report, which may materially affect the financial statements under Covid-19 Pandemic. The new or amended auditing report contains a confirmation paragraph on the reason for the adjustment of the financial statements and the previous report issued by the auditor.

Covid-19 Pandemic also has an impact on the fact that external audit offices in the Arab Republic of Egypt and the State of Palestine confirm the procedures put in place by the Administration to ensure that subsequent events are identified and are sufficient and accurate to be reliable. The Auditor examines these procedures to confirm the diagnosis of subsequent events. The Administration is inquired as to whether there have been any subsequent events that occurred under Covid-19 Pandemic, which may have an impact on the financial statements.

Covid-19 Pandemic has an impact on the fact that external audit offices in the Arab Republic of Egypt and the State of Palestine determine the need for financial statements to be adjusted and how the Administration intends to address them in financial statements if necessary, where the auditor examines (doubtful debt, stock valuation, financial investments, the principle of continuity.... And others) under Covid-19 Pandemic to show the need to amend the financial statements.

Based on the findings of the theoretical and field study, we recommend that governance officials provide external audit offices with a written declaration on the amendment of any subsequent events that may affect the financial statements under Covid-19 Pandemic, and external audit offices in the Arab Republic of



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