Small & Medium Practitioners (SMPs) Preparedness For COVID-19

Bon & Drew Associates
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Tuesday, March 24, 2020

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ADVISORY TO SMALL AND MEDIUM PRACTITIONERS (SMPs) ON COPING WITH EFFECTS OF COVID-19 PANDEMIC IN KENYA

Background

Coronavirus Disease 2019 (COVID-19) is a respiratory disease caused by the SARS-CoV-2 virus. It has spread from Wuhan China to many other countries around the world, including our country Kenya. Covid-19 has affected all aspects of daily life, including travel, trade, tourism, food supplies, and financial markets.

As the world is grappling with the COVID-19 pandemic, our country is equally struggling to deal with the consequences it comes along with.

Bon & Drew Associates commend ICPAK for the robust proposals made to the government of Kenya on how it can deal with the effects of the pandemic, especially in economic front to ensure our economy does not grind to a halt. While all these are laudable efforts, audit and accounting practitioners seem to grope in the dark on how to deal with this new and unforeseen challenge.

Kenya has about 800 licensed Audit firms. These audit firms are managed by about 2,500 members of ICPAK with practice licenses. These firms collectively employ thousands more in various positions. Majority of these audit firms are small or medium in size and will not survive a prolonged slowdown or lockdown of the economy which is will most likely hit the SME's hardest. The SME's happen to be the target clients for SMP's.

Audit firms have varied capabilities of dealing with the effects of the slowdown and possible lockdown of the economy.

Small and Medium Practitioners (SMP'S) are in a very precarious position since their survival in the business is ordinarily a very difficult one given the challenges of running a successful small or medium audit practice.

At Bon & Drew Associates, a firm of 4 partners and 5 branches, we have put together some guidelines to help small and medium size firms like ours to survive and continue offering services to clients while observing guidelines issued by Kenya government's Ministry of Health.

a. Safety and Hygiene Guidelines

Ensure very high level of hygiene is maintained in the office.

Hand sanitizers should be placed on every desk and entrance to the office, running water should be available and staff encouraged to wash hands every so often. If soap and running water are not immediately available, provide alcohol-based hand rubs containing at least 70% alcohol.

Make alternative transport arrangement for Uber or taxi for staff who must come to office as necessity may dictate. Avoid public transport as much as possible. Every employee should additionally have hand sanitizers for use while in public places like supermarket or taxis to ensure hygiene standards are high.

Encourage respiratory etiquette, including covering mouth and nose during coughs and sneezes.

Employees should only come to office if absolutely necessary. Let us leverage on technology to avoid working from office.

Discourage employees from using other's phones, desks, offices, or other work tools when possible.

Maintain regular housekeeping practices, including routine cleaning and disinfection of surfaces, equipment, and other elements of the work environment.

Prompt identification and isolation of potentially infectious individuals is a critical step in protecting workers, customers, visitors, and others at a workplace.

SMP's should inform and encourage employees to self-monitor for signs and symptoms of COVID-19 if they suspect possible exposure.

Employers should develop policies and procedures for employees to report when they are sick or experiencing symptoms of COVID-19.

b. Financial planning and Sustainability

Ensure cash cover for at least 3 months to cover staff salaries and office rent.

Ordinarily most office spaces require quarterly rent payment. Should it be that you had not yet paid your quarterly rent or monthly rent, make formal request to landlords to delay or accept staggered payments to avoid confrontation or poor relationship. Remember planning is essential for both your firm and the landlords who equally have obligations.

In case you do not have enough cash to cover the next three months, engage the employees and let them be aware early enough so that they plan effectively with the little available.

This is also the time to leverage on our networks as practitioners and seek support or borrow from those of us who may be better prepared. It is a time for empathy and as long as integrity and good relations prevail, we can all come out of this by giving a hand to the firms in distress.

Fortunately, most audit firms are busy from February through to April. So if your firm's cashflows has improved over the last one to two months, be selective with bills to settle and limit spending to cushion your employees ahead of other competing business operational expenses.

In extreme cases, consider salary cuts to enable firms stay afloat without layoffs.

c. Remote working and reporting/Use of technology

In order to limit work from office, allow staff to carry their office laptops home and if necessary, acquire more laptops.

Leverage on technology to assist in working remotely. Firms should consider applications such as skype, zoom, TeamViewer, WhatsApp video calls, AnyDesk for remote meetings.

If you need to connect to your corporate servers, can consider using simple file transfer protocol (SFTP).

Consider internet bundles to employees for use in submission of reports and communication during the lockdown.

Continue to observe reporting and filing deadlines since the law has not been changed.

KRA has given guidelines and emails for ease of filing returns, ensure the key staff managing these assignments are adequately equipped to deliver.

While at it, beware of fraudsters and ensure use of secure platforms for online transactions with regular change of access passwords.

d. **Client engagement and conclusion**.

There are many annual audit assignments currently ongoing. Ensure primary documents that can be emailed by client are sent electronically and where manual records apply, negotiate with the client to provide the same for review at your offices.

Use technology to conduct exit meetings and discussion of contents of management letter as well as other issues that may require meetings prior to issuance of audit opinion.

Applications such as zoom can facilitate virtual meeting with the clients and staff with everyone logging in remotely to ensure finalization of assignments.

e. **Merging firms**

As part of medium to long-term planning, small firms must appreciate that, there will always be strength in numbers. Merging small firms has the benefit of bringing together varied expertise, improved quality and overall growth in performance.

Bigger firms tend to have better structures and financial muscle to navigate challenges such as the current pandemic compared to smaller firms owned by individuals.

Let us use this pandemic as a basis for self-introspection.

f. **Staff preparation and stocking of essential items/products**

Where possible essential over the counter medicines such as painkillers and medicines for colds and fever be purchased and stocked at home.

Essential foodstuffs such as cereals be purchased in advance to limit interactions with people in markets and shops.

Where possible provide salary advance to employees to help them with the preparation and planning of household budgets.

What we have shared above are some of the steps we can take as SMPs to manage the difficult situation our small firms find themselves in.

The situation around COVID 19 pandemic continues to evolve day by day and our level of preparedness should be stretched to at least 4 months. If the pandemic is controlled in a shorter period the better, but we should be prepared with medium to long term period in mind.

We hope these proposals are of help to you as a practitioner and your firm will be better prepared as we deal with this global pandemic.

GOD bless ICPAK, GOD bless Kenya
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