The following examples are illustrative of events or conditions that may indicate an increased risk of fraud as a result of the COVID-19 pandemic.

Incentives / Pressures

Incentives / Pressures

- Employees may be in jeopardy of experiencing layoffs or pay decreases, or significant portions of their compensation may be contingent upon achieving targets.
- Management may want to modify the financial performance of the entity in order to achieve targets, avoid bankruptcy or foreclosure, sustain customer bases, obtain additional debt or equity financing or qualify for government assistance.

Opportunities

- Internal controls may not be properly monitored, or internal controls designed to prevent fraud (such as segregation of duties), may not be operating as designed, due to staff being remotely located, or employee layoffs.
- Increased need for judgments in preparing financial information, coupled with a possible lack of accurate or verifiable data, may
 give rise to increased estimation uncertainty and possible management bias.

Attitudes / Rationalizations

- Increased employee dissatisfaction with the entity as a result of negative impacts on compensation, such as salary decreases or decreases in bonus payments.
- · There may be a perception that falsifying accounting records or financial statements will aid the entity's survival.
- Rationalizing that the entity can afford to "give something back," particularly for financially stressed employees.

Attitudes / Rationalizations

Opportunities