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Art of Management

Past few years have pushed us to think differently. The methods to manage a business and empowering people continues to evolve. Leaders should have the ability to coach, challenge and share knowledge with their people.

Successful businesses have a people-technology approach. Investment in technology and people must go hand in hand.

An element to succeed is the ability to be able to smartly delegate responsibilities to respective management members. Clear and achievable goals should be assigned to respective persons depending on the area of expertise and bandwidth. This leads empowerment and a sense of accountability for them.

Technology has enabled us to attract new segment of customers and talent. I recall in an honour dinner which I attended, the ICAEW then chairperson explained artificial intelligence as not a threat for auditors/accountants but a great supplement to use. Adoption of technology, irrespective of the industry, considers the acceptance and integration of solutions into existing systems or creating new ones.

Relevant communication using technology should be channelled through various levels of the organisation. If not, it can lead to knowledge hoarding, gaps and ambiguity amongst the employees in an organisation.

While sharing knowledge leads to greater social interaction, creativity in problem solving, and most importantly preserves pre-existing knowledge within the organisation if an employee leaves. So using the right technologies along with a positive workforce, would result your business to deliver service excellence and develop a competitive advantage.



Dr. Khalid Maniar
Founder & Group Managing Partner
khalid.maniar@crowe.ae

Telehealth – An Emerging Technology Solution In Healthcare

According to a paper published in the International Journal of Environmental Research and Public Health, Telemedicine technology first began as a form of healthcare delivery in the late 1960s due to the needs of the NASA and the Nebraska Psychology Institute. Since then, there have been multiple barriers such as financial, regulatory, and technological challenges standing in the way of the widespread adoption of telemedicine technology, but recent healthcare reforms have surely brought about a change in this arena.

During the pandemic, Telehealth has risen as the saving grace for the healthcare industry, and although we see the effects of the pandemic reduce, what is clear is that, the utilization of this revolutionary technology will continue to stay. According to the Centers for Disease Control and Prevention (CDC), telehealth utilization spiked by more than 154% in late March of 2020 compared to the same period in 2019.

To add to the demand of Telehealth solutions, the United Nations predicts that by 2050, the world will be home to 10 billion people, and two in five of these people will be aged 60 or over, including 434 million over 80 years old. Unquestionably, this is going to motivate the world to shift from a hospital-centered systems to more community- based concept...and this is where Telehealth will demand the lead role.

Telehealth is not just facilitating remote health services, it is now even proving to be a revenue-generating and profitable solution; provided it is implemented with the solution-focused scope, required integrations and business process alignment. In order to achieve a 100% ROI for the Telehealth project, one must have or outsource the expertise

- (1) to ensure the selection of the right solution and vendor
- (2) to ensure the flawless implementation

Though questions around regulations, audits, policies, security, data storage and retrieval raised doubts regarding the future of Telehealth; answers are now being made available which allows me to make the statement “Telehealth is here to stay”.

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Rahul Dayalal Domadia

Senior Consultant - Digital Transformation - Healthcare

rahul.dayalal@crowe.ae

Quality? What Does It Even Mean?

In professional services, we hear frequently the word quality, so do we really know what does this word mean?

Professionals tend to go with the flow when performing their advisory work, and going with the flow by itself is a dangerous path.

When we want to identify real quality, we will find a genuine willingness to do a good job. It is simply practicing professional scepticism, or applying standards, or following best practices.

Quality is a mindset of applying your maximum efforts, using your knowledge, demonstrating integrity, professionalism and service excellence. However, time constraints, budget challenge, supervision, just to name few of the reasons, why quality can be impacted.

I sincerely believe, that quality is something directly linked to our personality, how do we deal with situations, how do we like to be perceived, and most importantly how important it is for us to satisfy ourselves and our ego of being near perfectionists.



Fahem Almusa

Director- Internal Audit

fahem.almusa@crowe.ae

What Is Project Financing?

What does a Company do if it wants to execute a large project with ticket sizes of over US\$100 million and up to and more than US\$1 billion? If the Project succeeds, then all is well; but what if the project fails? It can jeopardize the existence of the parent company.

What about a non-recourse financing facility for executing such a Project? If the Project fails, no liability attaches to the Promoter. To enable this the promoters set up a Project Company in the form of a Special Purposes Vehicle (SPV) which is bankruptcy-remote from the promoters. The Project Assets are owned by the Project Company and the Project activities and Project cash flows are clearly segregated from the promoters. Welcome to Project Financing. The promoters are usually called the Sponsors of the Project.

Normal corporate loans are bilateral loans with recourse to promoters.

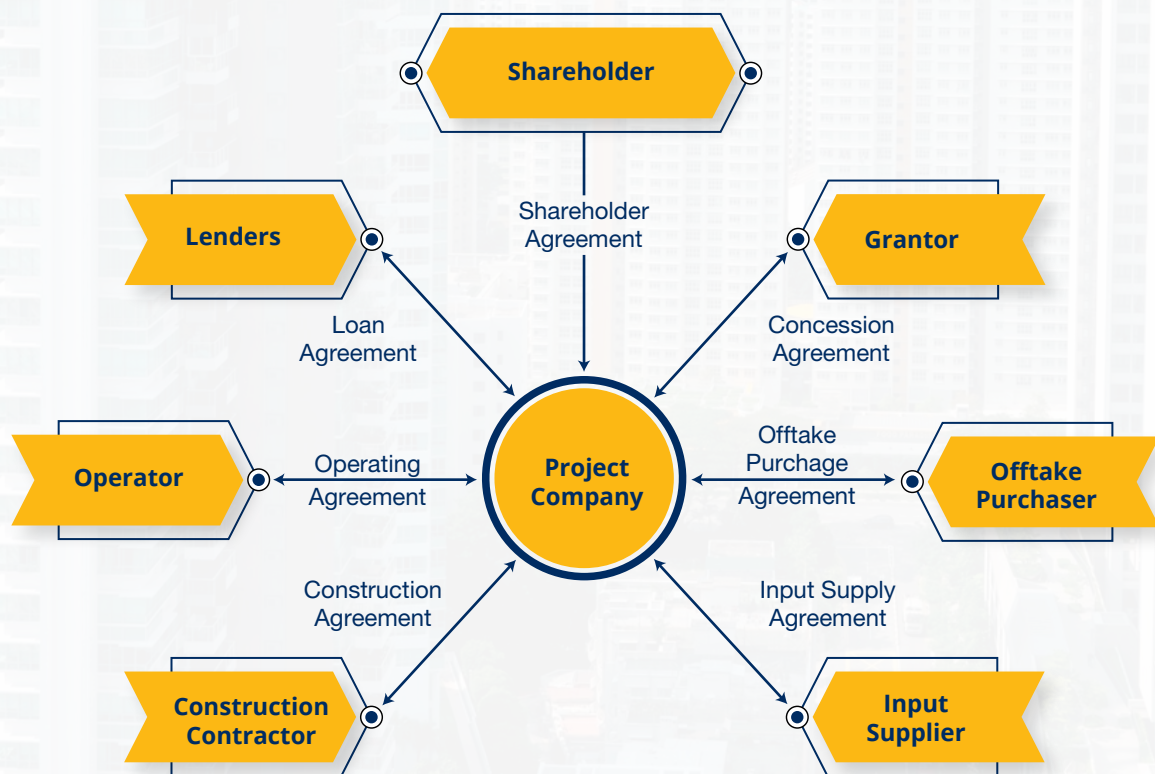
Sponsors like the arrangement because it prevents risk contamination; in case the project goes belly-up. Heads, they get to own a successful business (the project); tails, they only get to lose the equity.

Project risks are substantial and not bankable risks. Lenders usually do not take on unbankable risks. So why do lenders finance such projects? The answer lies in a unique financing technique, where the Lender parcels away most project risks to other stakeholders, who can best, manage such risks. Ultimately lenders only take on bankable risk.

So, if Project Financing is non-recourse, isn't it extremely risky? Not really.

The major principle on which Project Financing works is this- " Transfer all risks, away from ProjectCo to those who can manage the risks best".

This means that Construction Risk, Operating Risk, Supplier Risks and Offtake Risks, the four major risks that bedevil Projects, are transferred away from the ProjectCo to the EPC Contractor, Operations and Maintenance Contactor(O&M), Supplier and Off taker. These are independent entities that provide Bank Guarantees/assurances to the Project Company. Other Project risks like Force Majeure risks are covered through Insurance Companies, while Political Risks are covered with MIGA (a World Bank affiliate). This makes Project Financing risk-free and perhaps one of the safest forms of finance. (See Figure below)



Pijush Kanti Das
Senior Consultant & Trainer
Governance, Risk and Compliance(GRC)
pijush.das@crowe.ae

Renewal Of The Audit Focus: Is It Time Yet To Change The Bedrock Of Auditors' Roles And Responsibilities?

Expressing an independent audit opinion on the financial statements, obtaining reasonable assurance, and providing recommendations to improve weak controls are among the significant roles and responsibilities of the Auditors. But is this it? Accounting scandals over the years have given quite a thrust to auditors under spotlight for not many good reasons against the backdrop of undermined public trust and rising expectations. There is ongoing global concern that auditors are not doing enough to detect material fraud.

Investing public ask, 'what do you call an accountant with an opinion? And they reply, 'An auditor'. This perceived mindset have given rise to the expectation gap in audit which is 'the difference between what the public thinks auditors do and what the public would like auditors to do'. The public perceives audit as part of the solution for preventing company failure and demands more responsibilities from auditors in identifying and reporting fraud.

It is universally known that entities and corporates have been pacing up with the technology every year to bring in audit efficiency and productivity for best outcome, one of which is client expectation. However, the focus on audit approach and strategy has remained linear all these years not exclusively comprehending how the funny business has been passing the going concern test every fiscal year.

It is time to change the bedrock of the auditors' roles and responsibilities to a more rigorous approach which should enable an auditor to detect fraud meaningfully. Audit procedures have never been designed to detect fraud; to do so, it is likely possible if the auditor is both, a statutory and a forensic auditor.

From auditing sales and other invoices on sample basis to being adept at recognizing baked numbers, suspicious transactions and fake documents would enhance the role of audit, auditors should always strive to look beyond the numbers particularly the entity, its culture, and people when planning and testing for the existence of fraudulent financial reporting.

As we advance with technological developments in various industries, the fraud techniques have also advanced with the same pace. In today's era of disruptive technological change has led to the emergence of triple entry accounting (TEA) and soon will be architected into the system through blockchain technology. This may diminish the need of statutory audit. To keep audit up and running, adapting forensic approach will be a value add.

However, to parallelly perform the dual roles of the statutory and forensic auditor one should find the right balance between the roles during the audit process. Also, the extension of this audit role would demand additional time, a rigorous fraud risk assessment and likewise.



Aroosa Amin, BA, ACCA, UAECA, CertIA, CFE
Senior Auditor
arosa.amin@crowe.ae

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While placing great emphasis on establishing professional relations with each of our clients. This enables to work in an atmosphere of openness and trust. Our broad technical expertise and deep market knowledge means we are well placed to offer insight and pragmatic advice to all the organisations and individuals with whom we work. Close working relationships are at the heart of our effective service delivery.



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