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| **Client:** | **$(client)** | |
| **Period end date:** | **$(start) - $(end)** | |
| **Ref. no.:** |  | |
| **Prepared by:** | $(user) | **Date:** |
| **Approved by Manager:** |  | **Date:** |
| **Approved by Partner:** |  | **Date:** |

# **Fraud Inquiries**

Date of meeting:

* *With management: [text]*
* *With others: [text]*
* *With internal audit: [text]*

Venue:

* *With management: [text]*
* *With others: [text]*
* *With internal audit: [text]*

Attendees (name and role):

* *With management:*
  + *[text]*
* *With others:*
  + *[text]*
* *With internal audit:*
  + *[text]*

Discussion:

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| **Management inquiries** | | |
| **S. no.** | **Inquiries** | **Response** |
| 1 | **Questions to gain an understanding of the commitment of management and those charged with governance (Board of Directors) regarding fraud prevention, deterrence and detection.**   * How are the fraud risks identified, assessed and responded to? * Where fraud or potential fraud is identified, how is the matter investigated and remediated? * Do you have any knowledge of any fraud perpetrated (actual) or alleged or suspected that could result in a material misstatement of the entity's financial statements? * Do you have any knowledge of any other fraud, regardless of materiality, perpetrated (actual) or any alleged or suspected fraud? * Have you received any letters or communications from employees, former employees, analysts, short sellers or others concerning allegations of fraud? * For a new client: In the past, what kinds of frauds have been committed against the entity by employees or executives, including misappropriation of assets and employee thefts? * What incentives and pressures do you perceive to be on management? | Client informed us that fraud risks are managed through entity’s s system of internal controls however no fraud or potential fraud has been identified.  Client informed us that management has no knowledge to date of any fraud perpetrated or alleged or suspected that could result in a material misstatement of the entity's financial statements.  Further, the client informed us that management has no knowledge of any other fraud, regardless of materiality, perpetrated or any alleged or suspected fraud.  Moreover, client informed us that no letters or communications from employees, former employees, analysts, short sellers or others concerning allegations of fraud have been received.  Client also informed us that no such factors exist that may create pressure on management or employees with access to cash or other assets susceptible to theft to misappropriate those assets.  Client informed us that no such factors exist which may create pressure on management or employees to do fraudulent financial reporting, including excessive pressure on management or operating personnel to meet established financial targets established such as sales or profitability incentive goals. |
| 2 | **Questions to gain an understanding about how management communicates its commitment regarding the prevention, deterrence and detection of fraud.**   * + Have you reported to the Audit Committee or others with equivalent authority and responsibility on the entity's system of internal control and how management believes internal control serves to prevent, deter, or detect material misstatements due to fraud?   + How does management communicate its views on business practices and ethical behaviour to employees?   + How does management demonstrate behaviour consistent with their views? | Client informed us that the company has communicated its views on business practices and ethical behaviour through an established code of conduct (written/ documented or otherwise through oral communication and their directives, actions and behaviours).  Further, client informed us that management demonstrates behaviour consistent with their views by ensuring compliance with the code of conduct and ensuring a culture of integrity and ethical values across the company including setting tone at the top, assigning appropriate authority and responsibility, hiring, training and promoting appropriate employees, and taking appropriate action in response to actual, suspected or alleged fraud. |
| 3 | **Questions to gain an understanding about how management monitors operating locations or business segments.**   * + What procedures are in place to monitor the controls at operating locations or business segments that are designed to prevent, deter or detect fraud?   + What procedures are in place to review the results of operating locations or business segments to identify unusual or unexpected results which could indicate potential fraudulent financial reporting? * Are there any particular subsidiary locations or business segments for which a risk of fraud is more likely to exist? * How have management’s and those charged with governance's views on fraud and control procedures been communicated? | Client informed us that management monitors the entity as a whole and no significant fraud risk is believed to exist at segment level. |
| 4 | **Questions to gain an understanding of how those charged with governance exercise oversight of management's processes for identifying and responding to risks of fraud and the internal control that management has established to mitigate these risks i.e. prevent, deter and detect fraud.**   * What is your understanding about the risks of fraud in the entity, including any specific fraud risks the entity has identified or any account balances or classes of transactions for which a risk of fraud may be more likely to exist, and why? * What controls has management established to mitigate specific fraud risks that have been identified, or that otherwise help to prevent, deter and detect fraud? * How does management monitor those controls? * Has anyone asked you or others within the entity to withhold information from us, alter documents, or make fictitious entries in the books? * Are you aware of any inappropriate or unusual activity relating to the processing of journal entries and other adjustments? | Client informed us that they have not identified any specific fraud risks or any account balances or classes of transactions for which a risk of fraud may be more likely to exist.  Client informed us that the controls established to mitigate specific fraud risks include performing analytical procedures relating to revenue using disaggregated data, for example, comparing revenue reported by month or by product line or business segment during the current reporting period with prior periods.  Further, client informed us that controls are monitored by the internal audit department.  Moreover, client informed us that no one has asked them or others within the entity to withhold information from us, alter documents, or make fictitious entries in the books.  Client also informed that they are not aware of any inappropriate or unusual activity relating to the processing of journal entries and other adjustments. |

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| **Inquiries from others** | | |
| **S. no.** | **Inquiries** | **Response** |
| **1** | * Are you aware of any instances of fraud whether actual, suspected or alleged? * Are you suspicious that others in the entity may be involved in fraud? * Have you been asked by anyone to do anything out of the ordinary, in regards to your normal duties? | We have been informed that they are not aware of any instances of fraud whether actual, suspected or alleged.  Further, we have been informed that they are not suspicious that others in the company may be involved in fraud.  They have informed us that they have not been asked by anyone to do anything out of the ordinary, in regards to their normal duties. |

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| **Inquiries from internal audit** | | |
| **S. no.** | **Inquiries** | **Response** |
| **1** | **Questions to gain an understanding of the commitment of Internal Audit regarding fraud prevention, deterrence and detection.**   * What are your views regarding the risk of fraud? * Are you aware of any instances of fraud whether actual, suspected or alleged? | We were informed that risk of fraud is low.    Moreover there are no reported instances of fraud whether actual, suspected or alleged. |
| **2** | **Questions to gain an understanding of how Internal Audit monitors controls that prevent, deter or detect fraud.**   * What specific Internal Audit procedures have been performed to prevent, deter, or detect fraud? * Have you performed any specific procedures at the request of management? * Has management satisfactorily responded to internal audit findings and recommendations throughout the period, regarding the risk or detection of fraud? | We were informed of the specific audit procedures that are built around to detect fraud including verifying the authenticity of records and performing reconciliations.  Moreover, we were informed that there were no specific procedures performed on management’s request.  We were also informed that findings and recommendations are responded to adequately by the management. |

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| **Conclusion** |
| There are no inconsistencies in responses.  OR  There are inconsistencies in responses (specify) which are investigated as follows (specify). |