

RISK AUDIT MATRIX - RAM

Name of Client : PT.
Engagement : General Audit
Period/ Year : FY 2022

Principal activities
Performance Materiality
Risk assessment
Processes
Walk-through of key controls

Providers of audio and video conferencing services.
Rp (based on % of materiality)
L = Low; M = Moderate; H = High (Significant risk relates to risk that are assessed as M or H for either Magnitude or Likelihood of occurrence)
For significant risk, walk-through of key controls is required.
Processes that are significant by value and/or by nature requires a walk-through of key controls relating to this process.
Select one sample for walk-through purposes. Focus is on key controls that would prevent or detect the identified risk. Note whether the key control design is effective and the key control is implemented. If none, this should be evaluated in terms of its impact on our substantive procedures and to raise management letter.

RISK CATEGORY	IDENTIFIED RISK	SOURCE OF RISK	Cross-ref to Source	RISK FACTORS	ASSERTION (1)	ASSESS RISK IMPACT (Inherent Risk)			WALKTHROUGH KEY CONTROLS	KEY AUDIT PROCEDURES
						MAGNITUDE (2)	LIKELIHOOD (3)	Related controls/comments		
Financial Statement Risk Assessment Level (4)	Management override (financial reporting error)	Mgt accounts/ nature of the business		As a standard risk assessment procedure, we will consider the risk of management override.	All	L	L	Likelihood assessed as low due to 1) segregation of finance staffs duty 2) No motivation for management to override control was noted.	Y	(1) Review and understand the Company's financial statements closing process, including walkthrough of key controls, (2) Check if there are lots of unusual & suspense accounts, (3) Select and examine supporting documentation for journal entries (routine and non-routine) and other adjustments, (3) Review significant accounting estimates on recognition of revenue and valuation of WIP for evidence of management bias, and (4) Evaluate the business rationale for significant unusual transactions.
Assertion Level Risk Assessment (1)	Risk of fraud in revenue recognition	- PY audit working paper. - audit plan		Revenue recognition is one area where there is often considerable scope for deliberate misstatement (fraud) in order to give a misleading impression about the level of business carried out by the entity , profit generated or growth trends. For this reason there is a general presumption that there are risks of fraud in this area.	Occurrence - the entity has incorrectly transactions as giving rise to revenue when no transaction has occurred. Accuracy - errors may arise through application of inappropriate accounting policy	Occurrence = M, Accuracy = M	Occurrence= M, Accuracy = M	Likelihood is assessed as moderate due to the general presumption of fraud in revenue. Magnitude for existence and valuation is assessed as moderate due to the significant amount of the balance.	Y	(1) Perform walk-through of the revenue process (2) Perform Cut-off testing (3) Perform Test of Control (ToC) (4) Perform test of details to check occurrence and accuracy of sales recognised.
	Judgement and estimation is highly involved in the measurement of WIP/inventories	- PY audit working paper. - audit plan		We noted that financial period balances increased by 15% (US\$ 9.6m) as compared to FY21. Risks of overstatement of balances	Existence - recorded inventory do not exist; Valuation - inventories are recorded at amounts greater than their net realizable value - i.e. inadequate provision is made for write downs in respect of damaged or obsolete inventory	Existence = M , Valuation= H	Existence = M , Valuation = H	Likelihood of misstatement on the existence and valuation is assessed as high due to the high amount and judgment /estimation involved in the account. Magnitude for existence and valuation is assessed as high due to the significant amount of the balance.	Y	(1) Perform walkthrough and test of controls. (2) Sample testing the progress of the event and vouch to the supporting doc (eg: original invoices and contract) for verification. (3)Review of collectability of these WIP by checking to subsequent invoices raised and collections. (4) confirmation of inventories in customer's premises. (5) Review for any impairment.
	Trade payables and accruals	- PY audit working paper. - audit plan		We noted that FY22 balances decreased by 36% compared to FY21 to US\$4m. Risk of understatement of balances	Completeness - the system has failed to record all trade payables	L	L	Assessment is low due to the robust systems and control in place by the entity to prevent such misstatements	NA	(1) Analytical review procedure. (2) Search for unrecorded liabilities by reviewing subsequent payments and unpaid invoice file. (3) obtain authorisation by directors for major accruals.
Presentation and Disclosure Risk	No specific risk noted									
Others	Functional currency	- PY audit working paper. - audit plan		The Company currently uses US Dollars (USD) as their functional and presentation currency. However the Company transacts and maintain its balances in several currencies. There is a need to assess whether USD is still the appropriate functional currency.	Accuracy	M	M	Likelihood of misstatement of accuracy is assessed as moderate due to the Company transacts in and maintains mixed currencies. Magnitude for accuracy as moderate due to the significant amount of the transactions in currencies other than USD.	Y	(1) Obtain from management their analysis and assessment of using IDR as their current functional currency. (2) Perform an independent analysis to verify whether the functional currency provides information that is useful and reflects the economic substance of the underlying events and circumstances relevant to the Company. (3) SFAS 10 will be used as a guide in determining the functional currency. (4) Perform a reasonable test for monthly exchange rate.

- (1) State which and what can go wrong at assertion level taking into account relevant controls that we plan to test
(2) Likelihood - consider the likelihood of misstatement, including the possibility of multiple misstatement
(3) Magnitude - consider whether the potential misstatement is of a magnitude that could result in a material misstatement
(4) It is useful to structure identified risks under the following headings: reporting, financial, governance, compliance, external, market, operating, people risks.

Prepared by,

Manager

Reviewed by,