**MEMO on Meeting Minute of Fraud Discussion**

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| **Client Name:** Pearl Garments Company Limited | | |
| **Accounting period:** 01 July 2021 to 30 June 2022 | | |
| **Prepared by:** Imtiaz Rashid | | **Date:** 27 June 2022 |
| **Reviewed by:** Salauddin Morshed |  | **Date:** 27 June 2022 |
| **Subject:** Meeting Minute of Fraud Discussion | | |

**Objective:** The objective of this minute is to document **Fraud Detection Meeting** regarding Pearl Garments Company Limited

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| Client | Cosmopolitan Industries (Pvt.) Limited |
| Task Nature and Period | 01 July 2021 to 30 June 2022 |
| Time | 4.00 PM – 5.30 PM, 26 June 2022 |
| Location | Virtual Media (Microsoft Teams) |
| Attendees | * Mr. Faruk Uddin Ahammed - Audit Partner * Salauddin Morshed - Audit Manager * Mr. Mizanur Rahman - Team In-charge * Imtiaz Rashid - Team Member * Sudipto Sarker - Team Member |

**Topic Discussion:** Following meeting minutes have been noted based on the team meeting held on 26 June 2022.

1. It was discussed in the meeting about the performance of the company in the recent past where, it was mentioned that in last two financial year, the revenue and profit margin were up-to mark. Over last five years, the company has reached its targeted sales and the management was happy with the company’s performance. The management is expecting above 15% increment in sales in the financial year of FY 2022 - 2023. The audit-in-charge will discuss with the client regarding the KPI scorecard for further fraud identification.
2. ET has discussed about the fraud-triangle which includes - Opportunity, Incentives/Pressure and Rationalization. ET agreed that fraud possibility attributed by opportunity and rationalization is low.
3. Fraud risk has been identified for inventory (rationale: inventory might be pilferage during transit), and accordingly it scoped in.
4. For revenue, occurrence(assertion) is the significant risk for this engagement.
5. The audit-in-charge has been directed to identify suspicious sales in the last seven days of a month. This will help us to obtain an insight whether there exists any cut-off (assertion) issue here or not.
6. For Related Party Transactions, a rebuttal MEMO needs to be prepared.

**Follow-up of Resolutions Obtained**

1. It was discussed in the meeting about the performance of the company in the recent past where, it was mentioned that in last two financial year, the revenue and profit margin were up-to mark. Over last five years, the company has reached its targeted sales and the management was happy with the company’s performance. The management is expecting above 15% increment in sales in the financial year of FY 2022 - 2023. The audit-in-charge will discuss with the client regarding the KPI scorecard for further fraud identification. – **Performed during Group Audit**.
2. ET has discussed about the fraud-triangle which includes - Opportunity, Incentives/Pressure and Rationalization. ET agreed that fraud possibility attributed by opportunity and rationalization is low **–** **Incorporated in AQ Audit**.
3. Fraud risk has been identified for inventory (rationale: inventory might be pilferage during transit), and accordingly it scoped in **–** **Incorporated in Group Audit**.
4. For revenue, occurrence(assertion) is the significant risk for this engagement **–** **Incorporated in Group Audit**.
5. The audit-in-charge has been directed to identify suspicious sales in the last seven days of a month. This will help us to obtain an insight whether there exists any cut-off (assertion) issue here or not **–** **Incorporated in Group Audit**. But cut-off date was determined based on the understanding of the operating cycle of the company.
6. For Related Party Transactions, a rebuttal MEMO needs to be prepared **–** **Incorporated on Group Audit**.

~ **END** ~