### FRAUD CHECKLIST

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| **Auditee:** |  | **Reviewed by:** | **Name** | **Rank** | **Date** |
| **Period end:** |  | **Level 1** |  |  |  |
| **Prepared by:** |  | **Level 2** |  |  |  |
| **Rank:** |  | **Level 3** |  |  |  |
| **Date:** |  |  |  |  |  |

| **#** | **Nature and extent of audit procedures** | **Record of work done** | **Risks identified**  | **Wp Ref** |
| --- | --- | --- | --- | --- |
| 1. | Identify and document the risk management processes for identifying and responding to the risks of fraud in the entity. These include risks assessment processes. |  |  |  |
| 2. | Review documentation of management’s assessments (such as risk assessments, special/forensic reports etc) and determine whether management has identified any risks of material misstatement and / or is aware of any fraud, suspected fraud or fraud investigation currently being conducted. |  |  |  |
| 4. | Review management’s risk assessment and identify whether any areas of the financial statements which were identified as high risk areas as a result of fraud.Obtain reasons from management and evaluate whether high risk is appropriate for the purposes of the audit. |  |  |  |
| 5. | Evaluate the evidence that management is assessing the internal controls and that adequate actions have been taken to address material weaknesses identified during the year.  |  |  |  |
| 6. | By enquiry with relevant officials / other parties document any concerns about the nature, extent and frequency of management’s assessment of the internal control systems in place to prevent and detect fraud. *[Is there evidence of management assessing the internal controls on a regular basis?* *Are actions taken to address any weaknesses identified in the internal controls?]* |  |  |  |
| 7. | By discussion with other non-management personnel, determine whether unusual pressure is being exerted by management with the intention of overriding any internal controls that may exist. *[For example management personnel often take payment advices from the finance section to authorise payments without validity checks by the payment clerk]* |  |  |  |
| 8. | Scrutinise the general ledger to identify transactions that are unusual (e.g. outside normal operations, the account balances appear for the first time) or complex (e.g. the transaction(s) that involve multiple or related entities etc). Where such transactions have been identified: |  |  |  |
| 8.1 | Inquire from management about the rationale for undertaking these unusual transactions and inspect related documentation. |  |  |  |
| 8.2 | Evaluate reasonableness of the explanations provided for undertaking these unusual or complex transactions. |  |  |  |
| 8.3 | Consider whether the transactions point to a risk area and document this where necessary. |  |  |  |
| 8.4 | Enquire from those charged with governance whether they are aware of these transactions and the rationale behind undertaking them. |  |  |  |
| 9. | Inspect contracts of major customers / group of customer and where possible confirm these terms directly with major customers/group. |  |  |  |
| 10. | Enquire from the auditee's finance / procurement personnel whether there has been any major expenditure incurred or revenue received near to the financial year end and their knowledge of any unusual terms or conditions associated with these transactions*.* |  |  |  |
| 11. | Identify the following accounts or transactions from the financial statements as a separate audited component:  |   |   |  |
| 11.1 | Journal entries (especially when large number of entries passed around year end) |  |  |  |
| 11.2 | Significant accounting estimates requiring management bias |  |  |  |
| 11.3 | Bad debts written off |  |  |  |
| 11.4 | Subsistence and travelling |  |  |  |
| 11.5 | Payments for overtime worked |  |  |  |
| 12 | Inspect previous audit documentation, documents of the auditee, interview previous auditors (where applicable) and consider whether any of the following indicators may be applicable or has been identified: |  |  |  |
| 12.1 | Past irregularities or manipulations by management. |  |  |  |
| 12.2 | Evidence of theft or misuse of assets by management (e.g. for private purposes). |  |  |  |
| 12.3 | Management living beyond their means. |  |  |  |
| 12.4 | Instances where management denied access to records, facilities, certain employees, customers, vendors, or third parties outside the entity from whom audit evidence might be sought. |  |  |  |
| 12.5 | Complaints by management about the conduct of the audit, any intimidation of engagement team members, particularly in connection with the auditor’s critical assessment of audit evidence or in the resolution of potential disagreements with management. |  |  |  |
| 12.6 | Unusual delays by the entity in providing requested information. |  |  |  |
| 12.7 | An unwillingness to add or revise or correct financial statements. |  |  |  |
| 12.8 | An unwillingness to address identified deficiencies in internal control on a timely basis (audit finding are repeated / remained outstanding). |  |  |  |
| 12.9 | Unwillingness by management to permit the auditor to meet privately with those charged with governance. |  |  |  |
| 12.10 | Frequent changes in accounting estimates that do not appear to result from changed circumstances. |  |  |  |
| 12.11 | Tolerance of management towards violations of the code of conduct. |  |  |  |
|  | *[Set out any additional audit procedures relating to identifying of fraud risks here]* |  |  |  |

**The following risk factors have been identified:**

***[All risks identified will be taken to the of Risk of material misstatement on financial statement level working paper]***