

**COMMUNITY COLLEGE** \_\_\_\_\_ 2018 Audit Programs \_\_\_\_\_

June 30, 2018

**AUDIT STRATEGY  
RISK ASSESSMENT****I. BRAINSTORMING CONFERENCE**

Date: \_\_\_\_\_ Date discussed  
with manager: \_\_\_\_\_

**Instructions:** Members of the audit team are required to discuss the susceptibility of the College's financial statements to material misstatement due to fraud or error. The discussion should include an open exchange of ideas (brainstorming). The discussion should also emphasize the importance of exercising professional skepticism throughout the audit. The discussion may occur prior to, or in conjunction with, other audit planning procedures, but should take place each year. The manager should determine which matters are to be communicated to members of the audit team not involved in the discussion.

If the audit is a Single Audit, completion of this procedure should include consideration of both the audit of the financial statements and the federal awards.

Audit of financial statements	Yes	_____	No	_____
Single Audit	Yes	_____	No	_____

Participants:

Name	Title

1. Describe how the discussion occurred (e.g. face-to-face meeting, conference call)

2. Describe the matters discussed.

- a. How and where the financial statements might be materially misstated due to fraud or error.
- b. How management could perpetrate and conceal fraudulent financial reporting.
- c. How the perpetrators could misappropriate College assets.
- d. Known external and internal factors affecting the College that might (1) create incentives/pressures to commit fraud, (2) provide the opportunity for fraud to take place and (3) reveal attitudes or rationalization about why fraud is acceptable behavior.
- e. Circumstances indicative of earnings management or manipulation of other financial measures which could lead to fraudulent financial reporting.
- f. The nature and risk of management override of controls.
- g. How best to respond to these fraud and other risks through the design of audit procedures.
- h. The importance of maintaining an appropriate attitude of professional skepticism throughout the audit when considering the risk of material misstatement due to fraud.
- i. Risks of material misstatements associated with related party relationships and transactions.

The discussion should abandon neutrality and presume the possibility of dishonesty at various levels of management.

3. Did information arise during the brainstorming meeting that may be relevant to identifying risks of material misstatement due to fraud or error?

Yes (Document on Part IV)

No

Comments:

