

**ENTITY** 2019 Audit Programs

June 30, 2019

**AUDIT STRATEGY**  
**RISK ASSESSMENT**

**II. INQUIRIES ABOUT THE RISKS OF FRAUD**

**Instructions:** Auditors are required to make inquiries of management and others about the risks of fraud. Inquiries should be made each year in the planning stage of the audit. This form can be used to document the auditor’s inquiries of management and other employees. Conducting one-on-one interviews with members of management and other employees is the most appropriate way of accomplishing the objectives of the inquiry process. Individuals interviewed should include, at a minimum, all those who sign the management representation letter and anyone else whose job responsibilities could have a material effect on the financial statements. (Examples include: County Auditor, County Treasurer, County Board of Supervisors, City Administrator/Clerk, City Mayor, City Council Member, School District Superintendent and Business Manager, School District Board Member, Community College President and Business Manager, Community College Board Member, Executive Director, Finance Officer, Controller, Board Trustee and Chairperson/Board President.)

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. Alternatively, the auditor may wish to complete separate forms.

**(A separate form should be used for each person interviewed)**

**A. Individual Interviewed:**

Name	Title	Date
_____	_____	_____
_____	_____	_____
_____	_____	_____

1. Inquire of the Entity’s management about whether it is aware of (1) actual or suspected fraud or (2) any allegations of fraud (e.g., communications from employees or others). Describe.

**Ensure management is aware of their responsibilities under Chapter 11.6(7) of the Code of Iowa to notify the Auditor of State regarding any suspected embezzlement, theft or other significant irregularities.**

2. Inquire of the Entity’s management about its understanding of the risks of fraud within the Entity, including any specific risks identified or account balances or transaction classes where fraud is likely to occur. Describe.

3. Inquire of the Entity’s management about the programs and controls it has established to mitigate fraud risks and how it monitors such programs and controls. Describe.

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4. Inquire of the Entity's management about whether it has communicated its established programs and controls to mitigate fraud risks and how it monitors such programs and controls to those charged with governance, the audit committee or its equivalent. Describe.

5. Inquire of the Entity's management about the nature and extent of monitoring of operating locations, where applicable, and whether there are particular units for which a risk of fraud may be more likely to exist. Describe.

6. Inquire of the Entity's management about whether and how it communicates to employees its views on business practices and ethical behavior. Describe.

7. Inquire of the Entity's management about their compliance with laws and regulations. Describe.

8. Inquire as to whether the person being interviewed is aware of any abuse (i.e. misuse of authority, unneeded overtime, requesting staff run personal errands, expensive procurements, etc.). Describe.

9. Inquire as to whether the person being interviewed is aware of any Entity employee or official with possible financial pressures (i.e. gambling, excessive shopping, sudden medical expenses, lifestyle changes, etc.).

10. Did information arise from inquiries of management which should be considered further in identifying risks of material misstatement due to fraud?

\_\_\_\_\_ Yes (Document in Part IV)

\_\_\_\_\_ No

Comments: