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| Inquiry Summary |
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| Name of Interviewee(s): Mr. ABC, Finance Director, ABC Bangladesh Limited |
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| Name of FIRM Interviewer(s): Mr. XYZ, Engagement Manager |
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| Date(s) of Interview: 14 January 2022 |
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| Required Inquiries |
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**Key points to discuss**

* Changes in the entity's business or environment including internal control
* Legal and regulatory frameworks applicable to the entity
* Operational activities- Process of operational activities
* Identifying and addressing litigation, claims and assessment
* Programs and controls to prevent, detect and deter fraud – monitoring
* Monitoring of operating locations or business segments for fraudulent activities
* Management’s process for identifying and responding to fraud risks
* Identified events or conditions (and related business risks) that, individually or collectively, may cast significant doubt on the entity's ability to going concern
* Laws and regulations that have a direct effect on material amounts or disclosures in the financial statements
* Compliance with laws and regulations
* Identified litigation and claims
* Identified related parties, including any changes from the prior period and the nature of the relationships
* Identified transactions with related parties
* Estimates - changes in circumstances

| **Category** | **Short Description** | **Detailed Description** | **Required to be discussed with** | **Management (Finance)** |
| --- | --- | --- | --- | --- |
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| Operations | REQUIRED **Changes in the entity's business or environment including internal control** | Have there been, or does the entity expect, any significant changes in its business or environment, including internal control? | Management | No |
| Fraud | REQUIRED Communications to employees regarding management’s views on business practices and ethical behavior | How does management communicate its views about acceptable business practices and ethical behavior to employees? | Management | There are Directors Meeting and thereby the Directors pass on the same to their departments |
| Laws and regulations | REQUIRED **Legal and regulatory frameworks applicable to the entity** | What legal and regulatory frameworks are applicable to the entity? | Management | The Companies Act 1994, VAT and supplementary duty Act 2012, Income Tax Ordinance 1984, Bangladesh Labour Act 2006 |
| Litigation, claims and assessments | REQUIRED **Identifying and addressing litigation, claims and assessments** | What policies, procedures and controls has management established for identifying, evaluating, accounting for and disclosing litigation, claims and assessments? | Management | Any legal issues are referred to the external legal advisor and is handled by them |
| Fraud | REQUIRED **Programs and controls to prevent, detect and deter fraud – monitoring** | **What programs and controls has management established to prevent, detect, deter and mitigate fraud?**  How does management monitor these programs and controls? | Management | Monthly review of accounts is done. We have an ERP for Accounting system. Proper reviews and service acceptance process is in place for any services / expenses |
| Fraud | REQUIRED Programs and controls to prevent, detect and deter fraud – oversight by those charged with governance | How do those charged with governance exercise effective oversight of management's processes for identifying and responding to the risk of fraud in the entity and internal controls management has established to mitigate these fraud risks? | Management | We being a very small entity, do not have a separate Governance Department. |
| Fraud | REQUIRED **Monitoring of operating locations or business segments for fraudulent activities** | What is the nature and extent of management monitoring of operating locations or business segments for fraudulent activities, including fraudulent financial reporting? | Management | Monthly financial & Operational reviews are done |
| Fraud | REQUIRED Monitoring of operating locations or business segments with risk of fraud | Are there particular operating locations or business segments for which a risk of fraud may be more likely to exist? | Management | No |
| Fraud | REQUIRED Fraud-related activities by the internal audit function | What fraud related activities have been performed or are planned by the internal audit function If any fraud related activities are planned or performed:  What antifraud control deficiencies have been identified by the internal audit function?  What fraud related reports or communications have been made by the internal audit function?  Have management and those charged with governance responded appropriately to such reports and communications? | Internal Audit | We do not have an in-house Internal Audit Department. |
| Fraud | REQUIRED **Management’s process for identifying and responding to fraud risks** | What process has been established to identify and respond to fraud risks?  Note: consider inquiries about whether the process takes into consideration:  --Fraud risk related to specific classes of transactions, account balances or disclosures;  --Possibility of manipulation of information technology;  --Incentive/ pressure, opportunity and attitude/ rationalization for fraud;  --Fraud schemes common in the industry/ market? | Management | Our Accounting System does not allow us to change any transactions once the posting is done.  Bank reconciliation is done on a monthly basis. Monthly review of accounts are done. |
| Fraud | REQUIRED Management’s process for identifying and responding to fraud risks – communications between management and those charged with governance | What is the nature and extent of the communications between management and those charged with governance regarding management’s process for identifying and responding to fraud risks? | Management | Daily meetings happen between the CEO and other key employees discuss related Matters and to implement best practices |
| Fraud | REQUIRED Management's assessment of fraud risks including the nature, extent and frequency of such assessment | What are your views about fraud risks at the entity? | Management | Chances very low as duties and responsibilities are segregated adequately |
| Fraud | REQUIRED Actual, suspected or alleged instances of fraud | Are you aware of or have you identified any instances of actual, suspected, or alleged fraud, including misconduct or unethical behavior related to financial reporting or misappropriation of assets? If so, have the instances been appropriately addressed and how have they been addressed? | Management | No |
| Fraud | REQUIRED Management’s assessment of fraud risks, including the nature, extent and frequency of such assessment | How does management assess the risks that the financial statements may be materially misstated due to fraud?  What fraud risks have been identified?  What is the nature, extent, and frequency of such assessment?  What is the entity's response to identified fraud risks, including controls to mitigate the risks? | Management | The risk of fraud is very low as regular reviews of financial performance are being done.  No frauds have been identified till date |
| Fraud | REQUIRED Internal audit’s assessment of fraud risks | What is internal audit function’s assessment of the risks that the financial statements may be materially misstated due to fraud? What fraud risks have been identified?  - Has management and those charged with governance responded appropriately to the identified risks? | Internal Audit | N/A |
| Going concern | REQUIRED Identified events or conditions (and related business risks) that, individually or collectively, may cast significant doubt on the entity's ability to continue as a going concern | Are there any events or conditions that, individually or collectively, may cast significant doubt on the entity's ability to continue as a going concern during the period of assessment used by management or after such period? If so, what are management's plans to address them?  (Note: the period of management's assessment shall be at least, but not limited to, twelve months from the date of the financial statements being audited, or a longer period of time if required by the applicable financial reporting framework, by law or regulation or by auditing standards) | Management | No |
| Laws and regulations | REQUIRED Laws and regulations that have a direct effect on material amounts or disclosures in the financial statements | What laws and regulations have a direct effect on the determination of material amounts or disclosures in the financial statements? | Management | Tax Laws / IFRS |
| Laws and regulations | REQUIRED Compliance with legal and regulatory framework | How is the entity complying with the legal and regulatory framework? | Management | We have a legal advisor taking care of the local Laws related to Companies. |
| Laws and regulations | REQUIRED Compliance with legal and regulatory framework - directives or periodic representations | Are there directives issued by the entity or periodic representations obtained by the entity from management at appropriate levels of authority, concerning compliance with laws and regulations? | Management | No directives has been issued as we are in compliance of the required laws. |
| Laws and regulations | REQUIRED Prevention of noncompliance with laws and regulations | What policies, procedures, and controls has management established to prevent instances of noncompliance with laws and regulations, including illegal acts? | Management | Necessary controls are inbuilt in the processes itself to take care of the same |
| Laws and regulations | REQUIRED Compliance with laws and regulations | Is the entity in compliance with laws and regulations?  (Where appropriate, inquire of those charged with governance.) | Management | Yes |
| Litigation, claims and assessments | REQUIRED Identified litigation and claims | - Is the entity involved in any litigation, claims or assessments (including those defended by insurance companies)?  - What is management's assessment of such matters?  - Which litigation, claims and assessments involving the entity may have a material effect on the financial statements and/ or may require disclosure in the financial statements? | Management | No, we don’t have any pending litigation. |
| Related parties | REQUIRED Identified related parties, including any changes from the prior period and the nature of the relationships | Who are the entity’s related parties?  Are there any changes in related parties from the prior period?  - If there are related parties, what is the nature of the relationship, including ownership structure, between the entity and each related party? | Management | ABC Limited, parent company,  XYZ Limited, Group affiliate  ABC Engineers Limited, Group affiliate  There is no changes in related parties from the previous year |
| Related parties | REQUIRED Identified transactions with related parties | Have there been any transactions with the identified related parties during the period, including with management or those charged with governance?  - If so, who are the parties, what are the transactions and what is the business rationale or purpose for the transactions? | Management | The company usually purchases raw materials from its related parties. |
| Whether the related party transactions are normal course of business or outside normal course of business? | Management | Normal course of business. |
| If normal course of business transactions is arm’s length? | Management | Yes |
| If not, there is any proper management authorisation to approve such transactions? Any control for approval of such transactions? | Management | Not applicable |
| Estimate | REQUIRED Estimates - changes in circumstances | Have there been changes in circumstances that may give rise to new or the need to revise existing accounting estimates?  Note: the following are examples of changes in circumstances that may give rise to new or the need to revise existing accounting estimates:  - the entity engaged in new types of transactions that may give rise to accounting estimates  - the terms of transactions that give rise to accounting estimates changed  - accounting policies relating to accounting estimates changed as a result of changes within the requirements of the applicable financial reporting framework or otherwise  - regulatory or other changes outside the control of management occurred that may require management to revise or make new accounting estimates  - new conditions or events occurred that may give rise to the need for new or revised accounting estimates | Management | No |
| Accounting Policies | REQUIRED Compliance of accounting policies/ practices | Are there any accounting policies / practices used by the entity in preparing its (consolidated) financial statements that are not:  - in accordance with the applicable financial reporting framework  - appropriate for its business  - consistent with accounting policies used in the entity's industry? | Management | Not applicable as we do not prepare consolidated financials |
| Fraud | REQUIRED  Management's assessment of fraud risks including the nature, extent and frequency of such assessment | Are you aware of any instances of management override of controls? If so, what is the nature and circumstances of such overrides? | Internal Audit | No |
| Related parties | REQUIRED Policies procedures and controls | What are the processes and controls that management has established to:  a. identify, account for, and disclose related party relationships and related part transactions  b. authorise and approve significant transactions and arrangements with related parties | Management, Others | NA |
| Going concern | REQUIRED Managements assessment of the entitys ability to continue as a going concern | Has management made an assessment of the entity's ability to continue as a going concern?  If so, what is management's assessment of the entity's ability to continue as a going concern?  If not, what is management's basis for the intended use of the going concern basis of accounting? | Management | The entity has been a profit making organization from 2017 and it is in the growth stages. So there is no possibility of going concern. |
| Litigation, claims and assessments | REQUIRED In-house legal counsel | Is the entity involved in any litigation, claims or assessments (including those defended by insurance companies)?  - What is your assessment of such matters?  - Which litigation, claims and assessments involving the entity may have a material effect on the financial statements and/ or may require disclosure in the financial statements?  Note: Inquire of in-house legal counsel | Others | No |
| Significant unusual transaction | REQUIRED  SUTs - existence | Has the entity entered into any significant unusual transactions? | Management, Internal Audit | No |
| Significant unusual transaction | REQUIRED SUTs – controls | What are the controls that management has established to authorize and approve significant unusual transactions? | Management, Others | All unusual transactions need to be approved by the management as per chart of authority (signing authority) |