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| Client | | Period-end |
| ABC Bangladesh Limited | | 31 December 2021 |
| Prepared by | Date | W/P reference |
| Mr. XXX | 30 January 2022 |  |

***Risk assessment and planning discussion***

**Meeting Minutes**

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| **Name of the Participant(s):** | XXX- *Engagement Partner* |
|  | XXX-*Engagement Manager* |
|  | XXX-*Audit In Charge* |
|  | XXX - *Audit Senior* |
|  | XXX*- Audit Senior* |

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| Date and time of Meeting: | 29 January 2022 |

**The main issues related to risk assessment are:**

• Understanding the entity

• Significant risks

• Journal entries

• Materiality

• Related party transactions

• Competence of the team

• GITC and IRM involvement

| **Category** | **Discussion** | **Comments** | **Ref:** |
| --- | --- | --- | --- |
|  |  |  | |
| Understanding the entity | Principal activities of the client | The principal activities of the Company are to manufacture and market industrial sewing thread to 100% export-oriented garments industries. |  |
| Legal & regulatory policies, accounting policies, including unusual accounting policies and reporting procedures | Audit Manager-  Informed that Client’s accounting policies and procedures do not contravene to any provision of the Companies Act 1994 and International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS). |  |
| Materiality |  | Audit Manager-  Informed that materiality had been calculated as the 8% of thePBTCO and performance materiality had been 85% of the materiality |  |
| Related Party Transactions | The nature of relationships and transactions with related parties, including transactions that are outside the normal course of business | Audit Partner: -  The chances of significant unusual transactions cannot be ignored. Team should be cautious about its existence and check for completeness if such transactions occur. |  |
| Accounting Estimates | Key factor influencing the degree of estimation uncertainty will always remain to be the management’s judgment. | Audit Partner:  Draft Financial statements does not show significant accounting estimate.Hence,He concluded that such degree of uncertainty does not give rise to any significant risk. |  |
| Fraud | Allegations of fraud that have been brought to attention | Audit Partner:  Informed the team that no allegations of fraud have been brought to our attention. In this situation, risk of fraud can be assumed to be minimum. However, we would assert fraud risk in completeness and existence of revenue.  A consideration of known external and internal factors (the “fraud triangle”) affecting the entity by the engagement partner are-   * there might be pressure of achieving incentive compensation targets * the opportunity for fraud to be perpetuated would be limited. * nothing indicates a culture or environment that enables management or others to rationalize committing fraud |  |
|  | Any typical fraud risk involved with revenue recognition | Audit Partner:  Emphasized on proper checking of sales cutoff and vouching sales transactions. |  |
| Journal entry | Risk of management override of controls, including override through journal entries | Audit Partner:  Find out high risk journal entries and perform test of details on high-risk journal entries. The high risk JE determination is mentioned in JE understanding folder. We have to also perform completeness test on JEs using roll forward procedures. |  |
| Risks of Material Misstatement | Identify and assess the risks of material misstatement, whether caused by fraud or error | Audit Partner:  Emphasized on adhering to the ROMM Matrix in order to determine risks of material misstatement, whether caused by fraud or error, and on other audit adjustments, significant accounting estimates, or significant unusual transactions, and the risk of fraudulent revenue recognition. |  |
| Significant risk& other matters | Audit procedures for significant risk | Audit Manager–  No account has been assessed as significant risky. Moreover, it is assumed that substantive test alone is sufficient to gather sufficient appropriate audit evidence.Substantive Analytical Procedures and Tests of Details were designed to address the identified risks.  Identified other matters to consider-   * elements of unpredictability in our audit procedures * Professional skepticism * Compliance with relevant independence and ethical requirements * Techniques to resolve disagreements among team members. |  |
| GITC and IT Audit team involvement | GITC test and Consideration of IT audit team involvement | Audit Manager:  Since we are not relying on controls, IT team involvement is not required. |  |