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| Client: XYZ Limited | | Prepared by: Mr. B | Date: DD-MM-YYYY | **Ref:**  **C4** |
| Year end: 31-12-14 | File No. | Reviewed by: Mr. Y | Date: DD-MM-YYYY |

**NOTES OF PLANNING MEETING**

***Present at Meeting:***

|  |  |
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| **Name** | **Role** |
| Mr. X | Audit Engagement Partner |
| Mr. Y | Audit Engagement Manager |
| Mr. B | Audit Engagement In-charge |
| Mr. A | Audit Engagement Assistant |
| Mr. C | Audit Engagement Assistant |
| Mr. D | Audit Engagement Assistant |

***Date of meeting:* DD-MM-YYYY**

***Susceptibility of the entity’s financial statements to material misstatement and susceptibility of the entity to fraud***

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| ***Risks*** | ***Financial statement assertion*** | ***Reference to risk action plan*** |
| Revenue is susceptible to material misstatements due to fraudulent financial reporting. | Revenue (Completeness, Occurrence, Accuracy) | (C6.3) |
| Property, plant and equipment is susceptible to material misstatements due to misappropriation of assets. | Property, plant and equipment (Completeness, Existence, Valuation, Ownership) | (C6.3) |

**Roles and Responsibilities:**

The Engagement Manager explained the roles and responsibilities of the team members.Also, a brief allocation of responsibilities was discussed by the Engagement Manager in the meeting which is as follows:

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| Responsibilities | Responsible |
| Risk assessment and planning materiality | Mr. X (Audit Engagement Partner)  Mr. Y (Audit Engagement Manager) |
| Kick-off meeting with client management | Mr. Y (Audit Engagement Manager)  Mr. B (Audit Engagement In-charge) |
| Resource allocation | Mr. B (Audit Engagement In-charge) |
| Stock Taking | Mr. C (Audit Engagement Assistant)  Mr. D (Audit Engagement Assistant) |
| Physical Verification of Assets | Mr. B (Audit Engagement In-charge)  Mr. C (Audit Engagement Assistant) |
| All confirmation request letters to external parties | Mr. A (Audit Engagement Assistant) |
| Audit program allocation to team members | Mr. B (Audit Engagement In-charge) |
| Meeting with client regarding audit strategy and audit approaches | Mr. Y (Audit Engagement Manager)  Mr. B (Audit Engagement In-charge) |
| Meeting with client regarding audit programs | Responsible team member(s) assigned for respective audit program |

**Involvement of specialist:**

Information Risk Management (IRM) team will be deployed to test the system controls and tax calculation will be reviewed by tax specialist of the firm.

**Time Plan:**

It has been planned to finish the audit engagement tentatively by DD-MM-YYYY.Detailed time plan for conducting our audit is as follows:

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| **Relevant Milestones** | **Timing** |
| Resource planning - audit team, audit specialists, external experts | DD-MM-YYYY |
| Initial risk assessment and planning discussion | DD-MM-YYYY |
| Final risk assessment and planning discussion | DD-MM-YYYY |
| Final audit meeting(s) | DD-MM-YYYY |
| Client communications | Ongoing activities |
| Expected audit report date | DD-MM-YYYY |
| Subsequent event review | DD-MM-YYYY |
| Debrief meeting | DD-MM-YYYY |
| Physical Verification of Assets | DD-MM-YYYY |
| Stock Taking | DD-MM-YYYY |
| Management representation letter | DD-MM-YYYY |

**Control Testing:**

We will test the controls as a part of audit and we will have separate meetings with Internal Control and Fraud Management team and internal audit team of the entity to discuss the changes and update of controls that are in place in various processes. See C 5.1

**Materiality:**

The basis of materiality has been defined and materiality summary has been prepared accordingly. Materiality has defined as BDT 60 M (see C8).

**Financial statements risk:**

Revenue and Property, plant and equipment will be the more focused areas during the audit as these areas have been addressed as the areas of specific risk affecting client.

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| **Areas** | **Risk factors** |
| Revenue | Revenue is susceptible to material misstatements due to fraudulent financialreporting. Moreover, it is very significant in amount and nature of transaction is complex. |
| Property, plant and equipment | Property, plant and equipment is susceptible to material misstatements due to misappropriation of assets. Moreover, it is very significant in amount and nature of transaction is complex including revaluation with regular intervals. |

**Meeting with Company Secretary**

***Meeting Minutes:***

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| **Name of Interviewee(s):** | Mr. M  *Company Secretary* |
| **Name of Interviewer(s):** | Mr. Y (Audit Engagement Manager)  Mr. B (Audit Engagement In-charge) |
| Date and time of Interview: | DD-MM-YYYY |
| Venue : | Client Corporate Office |

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**After exchanging greetings, discussion went on as follows:**

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| **Category** | **Discussion** | **Comments** | **Ref.** |
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| Laws and regulations | Are you aware of any instances of actual, suspected or alleged noncompliance with laws and regulations, including actual or possible illegal acts that could have a material effect on the financial information? | There were no instances of actual, suspected or alleged noncompliance with laws and regulations, including actual or possible illegal acts that could have a material effect on the financial information. |  |
| Compliance with Companies Act 1994 | Does the Company is compliant with all the sections of Companies act 1994 applicable to the Company including submissions and reporting requirement? | The Company is in compliance with all the relevant sections of Companies act 1994, with all the reporting and submissions necessary. The Company does not make any compromise with the regulatory requirement of any type. |  |

Add high and medium risks from C6.2 and 6.3

**Meeting with Internal Audit department**

***Meeting Minutes:***

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| **Name of Interviewee(s):** | Mr. N  *Manager, Internal Audit Department* |
| **Name of Interviewer(s):** | Mr. Y (Audit Engagement Manager)  Mr. B (Audit Engagement In-charge) |
| Date and time of Interview:  Venue : | DD-MM-YYYY  Client Corporate Office |

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**Agenda of the meeting:**

1. ***Structure of Internal Audit***

Internal audit (IA) team of XYZ Limited consists of seven members headed by Head of internal audit and supported by one Deputy Manager and two Assistant Managers. Rest of the members are of Executive position.

1. ***Audit Committee Meeting***

Internal Audit Committee consists of 4 members headed by an independent director. Audit Committee Meetings are held quarterly to get audit update. At the ending of the year (in Q4 of each year), Internal Audit Department submits a plan of proposed audit activities for the upcoming year considering significant deficit area and past audit trends. This audit plan will be followed by the next year and if required some additional audit areas are added on ad hoc basis.

1. ***Activities of the Internal Audit Department***

Internal Audit Department performs 3 types of audits –area audit, recurring audit and surprise audit. Area audits are those audits which are performed once in the areas as planned. Recurring audits are those which are performed for more than one time in a year. Surprise audits are those which are performed without any prior plan and based on any special query or requisition raised by Audit Committee.

1. **Scope of audit**

Scope of Internal Audit is locally managed and IA performs audit as per Company’s code of conduct, trade term structure, Finance Manual etc.

1. **Internal audit report**

When audit issues have been identified by the hired internal audit team, these are communicated to the IA team in writing. IA team discussed the issues with the concerned person in the presence of the auditor. Internal audit report contains management response, action plan and tentative deadline. Audit issues are followed up at every audit committee meetings.

**Meeting with Human Resource Team**

**Meeting Minutes**

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| **Name of Interviewee(s):** | Mr. J  *Head of Human Resource Department* |
| **Name of Interviewer(s):** | Mr. Y (Audit Engagement Manager)  Mr. B (Audit Engagement In-charge) |
| **Date and time of Interview:**  **Venue:** | DD-MM-YYYY  Client Corporate Office |

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| **Category** | **Discussion** | **Comments** |
| HR department policies and arrangement | What activities are generally carried out by HR department? | Recruitment, retention (i.e. development activities, training), expatriation, compensation, general services (administrative issues, maintenance, security, safety, appraisal and monitoring of employees. |
|  | Who is responsible for monitoring compliance with HR policies? | HR department under the supervision of HR Director. |
|  | What compensation arrangements are there for senior management and key employees in financial reporting? | Monthly gross salary includes basic, house rent and other allowances. |
|  | Is job description clearly mentioned in appointment letter of employee? | Yes. Job description is clearly mentioned in the appointment letter which is updated time to time. |
|  | Is there any job rotation policy? If so, how is it applied? | Yes. There is job rotation policy. Employees are transferred from one department to another department or from one responsibility area to another responsibility area from time to time. Even some employees are transferred from one region to another region. |
|  | Is HR adaptive to other company policy/ strategy in an industry for developing the HR department? | Yes. |
| Training | Supervision and frequency of training | There are usually 2 types of training:  -induction training  - need basis training |
| Motivation | Does HR conduct any yearly employee satisfaction Survey? Has there any action been taken based on such evaluation report so far? | Yes. |
| Recruitment | Commonly used recruitment policy | **Entry level:** The Company gives circulation in the newspaper. HR primarily sorts the CV. Primary interview is taken in management level after written test. Final interview is taken by director level before appointment.  **High level:** For high level only interview is taken. |
|  | Does the Company face any sort of inside and outside undue influence to recruit incompetent candidates? | No |
| **Employee Retention** | Does the Company have any policy regarding employee retention | Yes, the Company increases salary annually to retain employees |
| **Disciplinary actions** | List of disciplinary actions that have been undertaken to date for overriding internal control/ misusing company’s assets and committing frauds? | No fraud is committed in 2014. |
|  | What is the Company’s fraud– antidote i.e., the entity’s fraud risk assessment process and systems and controls to prevent or detect fraudulent activity? Is there any instance of reported, suspect or alleged fraud activity during the period 2014? If yes, what was your action plan? | Adherence to the Company’s policies and regular monitoring and review.  No such instances are available in 2014. |
| Increment | What is the basis for increment? What is the rate of increment? | XYZ Limited give increment based on its profitability and the contribution of the employees towards the Company’s growth.  Average rate of increment is X.X% for 2014. |

**Meeting with Legal department**

**Meeting Minutes**

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| **Name of Interviewee(s):** | Mr. H  *Head of Legal and Corporate Affairs* |

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| **Name of Interviewer(s):** | Mr. Y (Audit Engagement Manager)  Mr. B (Audit Engagement In-charge) |

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| **Date and time of Interview:** | DD-MM-YYYY |
| **Venue:** | Client Corporate Office |

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| **SL** | **Auditor’s inquiry** | **Client response** |
| 1 | What policies, procedures and controls has management established for identifying and evaluating litigation, claims and assessments? | The Company has separate legal department headed by Manager-Legal under the supervision of Financial Controller. The legal department maintains all the legal matters of the company. Regular update of all the legal matters is also communicated with cluster legal head. |
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| 2 | Is the entity involved in any litigation, claims or assessments? | The Company has several pending litigations, most of them is related to recoverability from credit customers. The Company does not have any litigation with income tax authority. |
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| 3 | Are you aware of any instances of actual, suspected or alleged noncompliance with laws and regulations, including actual or possible illegal acts? | There were no instances of actual, suspected or alleged noncompliance with laws and regulations, including actual or possible illegal acts that could have a material effect on the financial information. |
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**Disclaimer:** Dummy audit working files have been prepared and published to improve the quality of audit documentation of member firms providing audit services in Bangladesh. Member firms providing audit services should not assume these dummy working files as absolute benchmark for the purpose of preparing and keeping audit documentation. Every audit client has unique characteristics and risks. International Standards on Auditing (ISA) also requires to exercise engagement partner’s judgment on a number of areas in conducting the audit of an entity. Therefore, member firms should use their professional knowledge, skill, experiences along with these dummy working files to keep adequate and appropriate working papers for each audit engagement. The preparers do not assume any liability for drawing an inappropriate audit opinion based on the working papers prepared on the basis of these dummy working files.