

ENTITY 2021 ICQs

June 30, 2021

**ENTITY'S RISK ASSESSMENT**

QUESTION	YES	NO	N/A	REMARKS
<p><b>OBJECTIVE: To obtain sufficient knowledge of the entity's process for identifying, analyzing and managing risks relevant to operations, compliance and the preparation of the financial statements.</b></p> <ul style="list-style-type: none"> <li>• <b>Define Objectives and Risk Tolerances</b></li> <li>• <b>Identify, Analyze, and Respond to Risks</b></li> <li>• <b>Assess Fraud Risk</b></li> <li>• <b>Identify, Analyze, and Respond to Change</b></li> </ul> <ol style="list-style-type: none"> <li>1. Has management assessed the effect of the following conditions on the entity's ability to prepare financial statements that are free from material misstatement:               <ol style="list-style-type: none"> <li>a. Changes in the entity's operating environment?</li> <li>b. New personnel?</li> <li>c. New or revised computer systems?</li> <li>d. Rapid growth?</li> <li>e. New technology?</li> <li>f. New departments or other activities?</li> <li>g. Restructuring or reorganization resulting in staff reductions, changes in supervision or segregation of duties?</li> <li>h. New accounting pronouncements?</li> <li>i. Related party transactions?</li> <li>j. Potential for fraud?</li> </ol> </li> <li>2. Are there risks relevant to financial reporting management has decided to accept because of cost or other considerations?</li> <li>3. If so, are the effects considered by the auditor to be immaterial to the financial statements?</li> <li>4. Does management consult with its auditors on (or make independent assessments of) new accounting issues or pronouncements?</li> <li>5. Are entity wide objectives broad and communicated to employees and management?</li> <li>6. Has management identified and analyzed risks arising from internal and external sources?</li> <li>7. Has the entity established clear budget and financial objectives?</li> <li>8. Does the entity react appropriately to changes, both internal and external?</li> </ol>				