Checklist 3—Screening Non-Tax Revenues for Possible Wrongdoing and Fraud

For “Yes” answers, auditors should:

* determine the reasons for the Yes answer,
* assess the significance of any Yes answers, and
* assess the implication of several Yes answers and how they relate.

The auditor should consider undertaking additional work to clarify or resolve these warning signs or red flags.

Auditors can amend the questions or add questions as appropriate to reflect the uniqueness of the entity.

|  |  |  |  |
| --- | --- | --- | --- |
| **QUESTIONS** | **YES** | **NO** | **COMMENTS** |
| 1. Are there transactions that do not have appropriate approvals?
 |  |  |  |
| 1. Are there transactions where there is unusual involvement of senior officials?
 |  |  |  |
| 1. Are there any reasons to suspect a questionable arm’s length relationship between a government employee and an organization doing business with the government?
 |  |  |  |
| 1. Are there any unusual trends in revenues that are not explained by market conditions?
 |  |  |  |
| 1. Are there differences between federal and provincial revenues earned for lumber and mineral rights from similar packages of land?
 |  |  |  |
| 1. Are only a few bids received on surplus Crown lands which have good marketable value?
 |  |  |  |
| 1. Are Crown assets sold as surplus and then replaced soon afterwards?
 |  |  |  |
| 1. Is the disposal of Crown assets completed quickly?
 |  |  |  |
| 1. Is there little or no advertising of the disposal of Crown assets?
 |  |  |  |
| 1. Are proceeds received from the disposal of Crown assets unusually low?
 |  |  |  |
| 1. Are surplus Crown assets resold by the purchaser within a short period of time at a significant profit?
 |  |  |  |
| 1. Are fees charged by departments and agencies for goods and services less than fair market value?
 |  |  |  |
| 1. Are there differences between postings for payments for accounts receivables and bank deposits?
 |  |  |  |
| 1. Is there poor segregation of duties for accounts receivable?
 |  |  |  |
| 1. Are accounts that become delinquent sent to collection agencies quickly?
 |  |  |  |
| 1. Are there problems reconciling the accounts receivable ledger with the control account?
 |  |  |  |
| 1. Is there a history of poor collection of accounts receivable?
 |  |  |  |
| 1. Are there unexpected changes to accounts receivable balances?
 |  |  |  |
| 1. Are any accounts receivable write-offs missing proper approvals?
 |  |  |  |
| 1. Are there any unusual write-offs of accounts receivable?
 |  |  |  |
| **Other Questions** |  |  |  |