

Fraud Risk Questionnaire Management Level

Jackie Latorre

12/31/20

Name

Fiscal Year End

Signature

05/04/21

Date of Completion of this Form

Fraud: An intentional act that results in a misstatement in the financial statements that are subject to audit. Examples: false financial statement representations or theft.

Please answer each of the questions below by marking the "Yes" or "No" lines to the right of each question.

	<u>Yes</u>	<u>No</u>
1. Are you aware of any actual instances of fraud affecting the entity?	_____	X _____
2. Are you aware of any allegations of fraud (e.g., received in communications from employees, former employees, analysts, regulators, short sellers, or others)?	_____	X _____
3. Do you assess the risk that the financial statements may be materially misstated due to fraud, and how often do you make that assessment?	X _____	_____
4. Do you have a process for identifying and responding to risks of fraud, and determining which balances, transactions, or disclosures are susceptible to those risks?	X _____	_____
5. Do you communicate with employees and others within the entity your views on business practices and ethical behavior?	X _____	_____
6. Are you aware of any inappropriate or unusual activities relating to the processing of journal entries and other adjustments?	_____	X _____
7. Have you received any tips or complaints regarding the entity's financial reporting (including those received through internal whistleblower programs, if such programs exist) and, if so, how have you responded to such tips and complaints?	_____	X _____

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| 8. | Do you report to those charged with governance, including those overseeing the financial reporting process, or other appropriate personnel, on how the entity's internal control serves to prevent, deter, or detect material misstatements due to fraud? | <u> X </u> | <u> </u> |
| 9. | Are you aware of any transactions entered into with related parties? | <u> X </u> | <u> </u> |
| 10. | Are you aware of any cybersecurity incidents, either from unintentional events or deliberate actions by insiders or third parties, affecting the entity? | <u> </u> | <u> X </u> |
| 11. | Are you aware of any laws or regulations that may be expected to have a fundamental effect on the operations of the entity? | <u> </u> | <u> X </u> |
| 12. | Are you aware of any noncompliance with laws and regulations? | <u> </u> | <u> X </u> |

**Please describe any actual instances of fraud or suspected fraud affecting the entity:

 N/A

**Describe management's process for identifying and responding to fraud risks in the entity (including any specific fraud risks the entity has identified or account balances, classes of transactions, or disclosures for which a fraud risk is likely to exist) and the nature, extent, and frequency of management's fraud risk assessment process:

 Management, together with their professional outside services, try to identify the areas and functions most susceptible to fraud. Together they try to establish policies to set up internal controls, crosschecks, etc., in order to mitigate possible fraud. Management fraud risk assessment is an on-going process.

****Describe programs and controls that the entity has established to address fraud risks the entity has identified, or that otherwise help to prevent, deter, and detect fraud, and how management monitors those programs and controls:**

There are many but some examples follow. 1) Keeping Cash and sensitive materials in locked drawers and cabinets. 2) Separation of duties and responsibilities. 3) Numbering checks, P.O.'s, invoices, etc.. consecutively. 4) Requiring two signatures on checks over \$100.00. 5) Maintain constant communication between staff.

****Describe the nature and extent of monitoring of operating locations or business segments, where applicable, and whether there are particular operating locations or business segments for which a risk of fraud may be more likely to exist:**

A Township owned Golf Club is professionally managed by an outside management company. Revenue is deposited into a Twp. owned bank account. Operating costs are funded monthly per an approved budget. Monthly activity is received, booked and reconciled to bank statements. There are other off site operations such as the Community Pool and the Community Center. All revenue taken in from these sites will originate from a software system that can be tracked, and verified.

**** Describe whether and how management communicates to employees its views on business practices and ethical behavior (Obtain a copy of relevant communications):**

Management has developed strong internal controls and standards of ethical behavior. These are communicated to employees through Job Descriptions, job training, and company policy manuals.

****Describe how management communicates to those charged with governance, including those overseeing the financial reporting process, on how the entity's internal control serves to prevent, deter, or detect material misstatements due to fraud:**

Elected officials will ultimately have to oversee, review and approve the financial reporting process. It will be important for management to continuously communicate with those charged with governance the many processes in place to detect, deter, and prevent fraud. Also to discuss any improvements that can be made to this process.

**Document the identity of the entity's related parties including changes from the previous year, the nature of the relationships between the entity and each related party, and the type and purpose of transactions entered into:

The Township owns Makefield Highlands Golf Club, which is run by Spirit Golf,
an outside Management Company. There is no change in this relationship from
the previous year.

**Describe the entity's policies and procedures regarding compliance with laws and regulations, and for identifying, evaluating, and accounting for litigation claims resulting from noncompliance:

The Township retains a Solicitor, a professional Accounting Firm, and
other outside professional services in order to ensure our compliance with
laws and regulations.

**Describe the entity's directives issued and periodic representations obtained from management at appropriate levels of authority concerning compliance with laws and regulations:

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- 1) Policy Manuals
 - 2) Twp. Ordinances and Resolutions
 - 3) Televised Board of Supervisor meetings
 - 4) Community Newsletters
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