

Name _____

Related Party Inquiry Form

Date _____

Objectives

- A. To identify related parties and related party transactions
- B. To determine the substance of such transactions is reflected in the accounts
- C. To obtain all information necessary for footnote and/or report disclosure.

Procedures

Done By

Comments

Substantive Test Procedures

- 1 Inquire of management of all known related parties and any transactions with those parties during the period, including the affiliations of directors and officers with other entities. The list of transactions should include significant related party transactions that were not recognized for accounting purposes. _____
- 2 Obtain names of stockholders and directors for evidence of related party transactions as well as the list of Board of Directors _____
- 3 Review the list of related parties for completeness by performing the following procedures:
 - a. Review "conflict-of-interest statements obtained by the organization from management _____
 - b. Review board of directors and other committee minutes for indications of related parties. _____
- 4 The following procedures should be performed in identifying related party transactions:
 - a. Review the minutes of all meeting of the board of directors and other committees for information about material transactions authorized or discussed at their meetings. _____
 - b. Review accounting records and manual journal entries for large, unusual, or nonrecurring transactions or balances, paying particular attention to transactions at or near the end of the reporting period. _____
 - c. For significant loans review for unusual interest rates and terms. _____
 - d. Review 1099's for possible related party payments _____
- 5 Obtain written representations from management regarding the completeness of information provided regarding related parties and related party transactions. _____
- 6 If representations are made by management in their financial statement that the related party transactions were consummated on terms equivalent to those that prevail in arm's-length transactions are the representations substantiated. _____
- 7 Make sure the footnote for related party transactions are complete including
 - a. The nature of the relationship involved.
 - b. A description of the transactions
 - c. The dollar amounts
 - d. Amounts due from or to related parties as of the date of the balance sheet _____

Conclusion

The objective of this audit program have been met and this audit program section has been completed in accordance with firm policy.

Name _____

Date _____