Examples of circumstances that indicate the possibility of fraud

Discrepancies in accounting records including:
- Transactions not recorded in a complete or timely manner or are improperly recorded.
- Unsupported or unauthorized balances or transactions.
- Last-minute adjustments that significantly affect financial results.
- Evidence of unauthorized employees' access to systems and records.
- Tips or complaints to the auditor about alleged fraud

Conflicting or missing evidence including:
- Missing documents
- Documents that appear to have been altered
- Significant unexplained items on reconciliations
- Unusual balance sheet changes or changes in trends or important F/S ratios etc. (e.g. receivables growing faster than revenues)
- Inconsistent, vague, or implausible responses from management or employees
- Unusual discrepancies between the entity's records and confirmation replies
- Large numbers of credit entries and other adjustments to accounts receivable
- Unexplained or inadequately explained differences between accounts receivable sub-ledger and control account, or customer statements and accounts receivable sub-ledger
- Missing or non-existent cancelled cheques
- Missing electronic evidence, inconsistent with entity's record retention policies
- Inability to produce evidence of key systems development and program change testing and implementation activities for current-year system changes and deployments

Problematic or unusual relationships between auditor and management including:
- Denial of access to records, facilities, certain employees, customers, vendors, or others etc
- Undue time pressures imposed by management to resolve complex or contentious issues
- Complaints by management about conduct of audit
- Management intimidation of engagement team members
- Unusual delays by the entity in providing requested info
- Unwillingness to facilitate auditor access to key electronic files for testing through CAAT
- An unwillingness to add or revise disclosures in F/S to make them more understandable
- An unwillingness to address identified deficiencies in internal control on a timely basis
- Unwillingness by management to permit auditor to meet privately with TCWG
- Accounting policies that appear to be at variance with industry norms
- Frequent changes in accounting estimates without reasonable justification
- Tolerance of violations of the entity's code of conduct

Others

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