

1st DRAFT (15 Dec'20)

FOR REVIEW BY DAAB

(On 21 DEC'20)

The Digital Accounting and Assurance Board (DAAB) of The Institute of Chartered Accountants of India (ICAI) invites comments on a new Forensic Accounting and Investigation Standard (FAIS) on – **Reporting Results**.

Comments are most helpful if they indicate a clear rationale and, where applicable, provide a suggestion for alternative wording.

Comments can be Submitted at

<https://forms.office.com/Pages/ResponsePage.aspx?id=DOHF0zhjoU6>

NJ-

O1tggEOvuF6SRz25pIvVExBjm2K8JUNllaWTgzOEM0N0FIMjFSNkxV

WTI3UTVHMy4u

Last date for sending comments is January 28, **2021**.

FORENSIC ACCOUNTING AND INVESTIGATION STANDARD No. 360

REPORTING RESULTS

Contents

	Paragraph(s)
Introduction and Scope	1
Objectives	2
Requirements	3
Explanatory Comments	4
Documentation for Compliance	5
Effective Date	6

This Forensic Accounting and Investigation Standard (FAIS) Number 360, on “Reporting Results”, issued by the Council of the Institute of Chartered Accountants of India (ICAI) should be read in conjunction with the “Preface to the Forensic Accounting and Investigation Standards”, the “Framework Governing Forensic Accounting and Investigation Standards” and “Basic Principles of Forensic Accounting and Investigations” issued by the ICAI.

1 Introduction and Scope

- 1.1 Dissemination and reporting of results to the Stakeholders is an essential part of the Forensic Accounting and Investigation (FAI) assignment.
- 1.2 Reporting results of the work procedures completed, and the findings from those procedures, is the concluding part of the assignment. The report seeks to fulfil the requirement of FAIS 210 on “Engagement Objectives” and address the mandate provided in the Engagement Letter as per FAIS 220 on “Engagement Acceptance and Appointment”.
- 1.3 **Scope:** This Standard deals with the Professional’s responsibility to issue a formal Report to the stakeholders and applies to all FAI engagements, unless explicitly not required by engagement terms.

2 Objectives

- 2.1 The main objectives of this Standard on Reporting Results are to ensure that:
 - (a) A formal Report is issued at the conclusion of an assignment, as agreed in the terms of engagement;
 - (b) The reported results of the assignment are derived from a reliable and relevant evidence discovery process;
 - (c) The report fulfils, to the extent possible, the engagement mandate as per the agreed scope; and
 - (d) The report conveys all the relevant facts and evidences, with applicable assumptions and limitations, to prevent any mis-interpretation or extrapolation of the findings.

3 Requirements

- 3.1 The Professional shall issue a formal Assignment Report which is easy to understand and interpret (refer Para 4.1).
- 3.2 The Assignment Report shall be addressed to the Primary Stakeholders and shared with Other Stakeholder(s), where required or permissible (refer Para 4.2).
- 3.3 While no fixed form or content of the Assignment Report is mandated by this Standard, the Report shall include certain key elements to enable the recipient to understand the purpose of the engagement, the extent of work performed by the Professional, any limitations, assumptions or disclaimers, the facts and evidence discovered and the conclusions drawn (refer Para 4.3).

- 3.4 Where the form and content of the Report is pre-established in agreement with the Stakeholders, or as per statutory or regulatory requirements, the Professional shall report the results in line with those requirements, but keep in mind the key elements mentioned earlier (refer Para 3.3).
- 3.5 The Report shall highlight any key limitations so that Stakeholders are able to correlate the Professional's assessment with those limitations (refer Para 4.4).
- 3.6 The Report shall not provide any opinion on the guilt or innocence of any individual(s). Determination of culpability is either a disciplinary process internal to the organization under review, or a judicial process depending on the specific situation under review. The Report can, at best, highlight the individual circumstances and facts that merit a stakeholder decision or trigger further civil or criminal investigation.
- 3.7 In circumstances where the assignment could not be completed due to unforeseen or unavoidable reasons, the Professional shall provide a Report with the incomplete assessment of results, including due limitations, and reasons for the incompleteness nature of the engagement.
- 3.8 The Report shall be issued within reasonable time frame as per the engagement terms (refer Para 4.6).

4 Explanatory Comments

- 4.1 **Assignment Report (refer Para 3.1):** The Professional shall issue a formal Assignment Report which conveys the results clearly and accurately. The assessment of the facts observed by the Professional shall be based on the evidence that is reliable and relevant in line with FAIS 320 on "Evidence and Documentation".
- 4.2 **Report addressee and distribution (refer Para 3.2):** The Professional shall address the Assignment Report to the Primary Stakeholders as per FAIS 250 on "Communication with Stakeholders", unless the engagement terms state otherwise. If required, a copy of the Report may be shared with Other Stakeholders, but with the prior approval of the Primary Stakeholders.
- 4.3 **Form and content of the Report (refer Para 3.3):** The Professional shall consider the inclusion of the following key elements in the Assignment Report (indicative list):
- (a) An overview of the objectives, scope and approach of the assignment;
 - (b) The fact that the assignment has been conducted in accordance with FAIS;
 - (c) An Executive Summary of the results covering all important aspects;
 - (d) Reference to Use of an Expert, where applicable;

- (e) List of findings supported by key evidences, sources of evidences, and other relevant matters;
- (f) Assumptions and limitations of the assignment; and
- (g) Conclusions (if any) drawn from the assessment undertaken.

4.4 **Limitations (refer Para 3.5):** The Professional may encounter certain limitations that restrict the methodologies or procedures of the Professional. Such limitations can be in the form of limited or absent management support, restricted or no access to required records, information or people due to any reason such as court orders, short timelines, internal or external pressure, limitation of tools used for the purpose of assignment, etc.

4.5 **Assumptions:** The Professional shall list the relevant assumptions in the Assignment Report that were employed at the start and/or developed and/or amended during the engagement.

4.6 **Reporting Timelines (refer Para 3.8):** The Report shall be issued within reasonable time frame as per the engagement terms. The Professional may be required to provide the interim reports as per the engagement terms which can be given to the extent practicable without compromising on the progress of the investigation. Such interim reports are also subject to this Standard.

5 Documentation for Compliance

5.1 Copies of draft, interim and final Reports shall be maintained, along with detailed working papers, details of evidences relied upon during the investigation, quality check procedures implemented, name of the reviewer, etc. in line with 320 on "Evidence and Documentation".

5.2 Relevant communications and documentation trail which supports the limitations, disclaimers and assumptions shall form part of work papers.

6 Effective Date

6.1 This Standard is applicable for all engagements beginning on or after... (a date to be notified by the Council of the ICAI).