

## Conflict Minerals Reports Questions & Answers



### .14 Management Representations

*Inquiry*—Paragraph .60 of AT 101, *Attest Engagements*, states that a practitioner should consider obtaining a representation letter from the responsible party in an attest engagement, and provides examples of matters that might appear in such a representation letter. In an engagement to perform an IPSA, what matters might appear in a representation letter from management?

*Reply*—Representations that a practitioner might obtain from management are included in the following illustrations:

- We confirm we are responsible for:
  - The preparation, fair presentation, and overall accuracy of the Form SD, including the Conflict Minerals Report (CMR), in accordance with Rule 13p-1 of the Securities and Exchange Act of 1934 (the “Rule”).
  - Identifying and ensuring that the Company complies with the laws and regulations applicable to its activities, including the Rule, and informing you of any known violations of such laws and regulations
  - The relevancy and accuracy of the information included in the Form SD and the CMR, including the Company’s determination of the source or chain of custody of its conflict minerals, and determination of those products subject to due diligence.
  - Designing, implementing, and maintaining effective internal control relevant to the preparation and fair presentation of the Form SD and CMR that are free from material misstatement, whether due to fraud or error.
  - The selection of the framework as the criteria against which we have evaluated the design of our due diligence framework. [Note that as of December 2014 the OECD framework is the only nationally or internationally recognized and this Q&A assumes that management will be using the OECD framework.]
  - The assertion in the CMR that the design of our due diligence framework is in conformity with the OECD framework.
  - Determining that the OECD framework represents appropriate criteria for our purposes.
  - The description of the due diligence measures that the Company performed,

as set forth in the CMR.

- The design of the Company's due diligence framework is in conformity with the criteria set forth in the OECD framework, and the Company's description of the due diligence measures it performed is consistent with the due diligence process that the Company undertook for the reporting period from January 1, 201X to December 31, 201X (the "Reporting Period").
- The CMR and the related disclosures in the Form SD comply with the requirements of the Rule for the Reporting Period.
- We are not aware of any matters contradicting our assertion about the design of the Company's due diligence framework or the description of the Company's due diligence measures performed for the Reporting Period, as set forth in the CMR, nor have we received any communications from regulatory agencies, reporting agencies, or others affecting our assertion(s) and disclosures.
- There have been no events occurring subsequent to December 31, 201X and through the date of this letter that would have a material effect on the design of the Company's due diligence framework or the Company's due diligence measures performed for the Reporting Period, as set forth in the CMR.
- We have communicated to you any changes in the design of the Company's due diligence framework subsequent to December 31, 201X.
- We have provided you with:
  - Access to all records, data, and other information or documentation related to our due diligence framework and the Company's due diligence measures performed, including related documentation of internal control
  - Support and documentation related to our respective assertions
  - Additional information you have requested for purposes of your examination
  - Unrestricted access to persons from whom you determined it was necessary to obtain evidence
- We have disclosed to you all known control deficiencies, including significant deficiencies and material weaknesses, in the design or operation of our internal controls regarding the reliability and the preparation of the CMR and the related disclosures in the Form SD.
- We have no knowledge of abuse, fraud, or suspected or alleged fraud affecting the Company involving:
  - Management
  - Employees who have significant roles in internal control over the preparation of the CMR or the related disclosures in the Form SD
  - Others where the fraud could have a material effect on the CMR or the related disclosures in the Form SD
- We have established and maintained a process to address and track the status of your findings, conclusions, and recommendations. We have provided to you our views on such matters, as well as planned corrective actions to be included in the report. We have also identified and informed you of findings and recommendations from previous audits, attestation engagements, or other studies that could have a material effect on the CMR and whether any related recommendations were implemented or corrective actions taken.
- We have identified and disclosed to you all laws, regulations, contracts, and grant agreements and other matters that have a direct and material effect on the subject matter and instances of noncompliance.
- (Statements on any additional matters that the engagement team deems appropriate to

tailor the representation letter to the circumstances of the engagement. This may also include representations specific to related non-audit services performed in connection with the conflict mineral examination and representations, if any, needed for an engagement conducted in accordance with GAGAS.)

## .15 Applicability of Internal Control Procedures Relating to the IPSA

*Inquiry*—What is the practitioner's responsibility with respect to gaining an understanding of and testing internal control in performing an IPSA?

*Reply*—The practitioner is not required to determine whether the issuer designed or implemented a system of internal control or to test whether controls operated effectively in order to reduce attestation risk to an acceptably low level.

The practitioner is required by AT 101.45 to consider attestation risk when planning an attest engagement. Attestation risk is the risk that the practitioner may unknowingly fail to appropriately modify his/her attest report on the subject matter or assertion that is materially misstated. Attestation risk consists of (a) the risk (consisting of *inherent* and *control* risk) that the subject matter or assertion contains deviations or misstatements that could be material and (b) the risk that the practitioner will not detect such deviations or misstatements (*detection* risk).

Such procedures as gaining an understanding of the process management used to design its due diligence program, and the extent to which management used tools and techniques intended to ensure that all aspects of the criteria set forth in the OECD framework were incorporated in the design, can inform the practitioner's attestation risk assessment related to the first assertion addressed in the IPSA. Similarly, gaining an understanding of processes developed by the issuer to ensure that the description in the Conflict Minerals Report of the due diligence measures it performed accurately reflect the relevant aspects of the due diligence process the issuer undertook can be helpful in assessing the risk that management misstates the information that is the subject of the second assertion addressed in the IPSA. Audit procedures to test the issuer's processes in each of these areas can be helpful in reducing detection risk.