**Statement on Auditing Standards (SAS) No. 99** ***Consideration of Fraud in a Financial Statement Audit***

Management's responsibility related to fraud

- Adopt sound accounting policies and establish and maintain internal control consistent with management's assertions embodied in the financial statements

- Management as well as those with responsibility for oversight of the financial reporting process (e.g. Board of Directors and Audit Committee)

- Selected responsibilities under Sarbanes Oxley

    - Pursuant to Section 302, certification of responsibility for financial reports, including disclosure to auditors and audit committee

        - All significant deficiencies in the design or operation of internal controls

        - Any fraud, whether or not material, that involves management or other employees who have significant role in internal controls

    - Pursuant to Section 404, requirement to file in annual report an internal control report of management stating:

        - Responsibilities for establishing and maintaining adequate internal controls and procedures for financial reporting for the company

        - Assessment of the effectiveness of the company's internal controls and procedures for financial reporting as of the end of the company's most recent fiscal year

Auditor's responsibility related to fraud under Generally Accepted Auditing Standards (GAAS) (SAS 99)

- Plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud

- SAS 99 Audit Approach

    - Identification of fraud risk factors

    - Response to identified fraud risk factors

    - Establish procedures to identify fraud risk indicators

        - Includes understanding programs and controls to prevent, deter and detect fraud

        - Does not include evaluation of the operating effectiveness of programs and controls or specific procedures to identify matters related to management "misconduct" and travel and entertainment expenses