

Audit Observations and Recommendations

Section Template

No.	Observation	Details / Findings	Recommended Actions	Management Response
1	Unreconciled Bank Accounts	Certain bank accounts were not reconciled as of the reporting date, increasing the risk of undetected errors or fraud.	Implement monthly reconciliation and monitor outstanding items promptly.	Agreed. Reconciliation process to be revised by Q3.
2	Incomplete Supporting Documents	Payment vouchers reviewed lacked supporting invoices in 12% of sampled cases.	Mandate attachment of all supporting documentation before processing payments.	Process to be enforced immediately; additional training planned.
3	IT Access Controls	User access to key systems not regularly reviewed; presence of ex-employees detected.	Perform quarterly user reviews and promptly remove ex-employee access.	System changes underway; full compliance expected by next quarter.

Important Notes

- This section forms a core part of the finalized audit report.
- Observations should be concise, objective, and supported by evidence.
- Recommendations must be practical, actionable, and aimed at risk reduction.
- Management responses should reflect clear accountability and timelines.
- Regular follow-up on previous observations is encouraged for continuous improvement.