

Risk Assessment: Audit Evidence Report

Report Title	Audit Evidence Risk Assessment
Date	2024-06-15
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Audit Period	Jan 2024 - May 2024

1. Objective

To assess the risks identified during the audit process and evaluate the sufficiency and appropriateness of audit evidence gathered.

2. Risk Identification

Risk Area	Description	Risk Rating
Revenue Recognition	Potential overstatement of revenues due to timing differences.	High
Inventory Valuation	Risk of inventory obsolescence not adequately provided.	Medium
Procurement Process	Missing supporting documents for some purchases.	Low

3. Audit Evidence Gathered

Evidence Type	Source	Relevance
Invoices & Contracts	Accounting Department	Supported revenue transactions and contract obligations
Inventory Count Sheets	Warehouse Records	Verified quantities and conditions of inventory
Bank Statements	Financial Institution	Confirmed existence of cash balances

4. Risk Assessment

Risk Area	Assessment	Conclusion
Revenue Recognition	Evidence adequate; some timing issues noted	Moderate risk remains; additional review recommended
Inventory Valuation	Stock counts agree with records; minor variances found	Risk reduced to acceptable level
Procurement Process	Supporting docs obtained for majority of transactions	Insignificant risk

5. Recommendations

- 1. Implement additional controls for cut-off in revenue recognition.
- 2. Regular inventory review to identify obsolete items.
- 3. Enhance documentation procedures in procurement.

Important Notes

- This report is confidential and intended for internal audit and management review only.
- Conclusions are based on available evidence at the time of assessment.
- Recommendations aim to mitigate risks and improve the effectiveness of internal controls.
- All findings should be discussed with relevant stakeholders before implementation of actions.
- Periodic reassessment is recommended to ensure ongoing risk management effectiveness.