

Risk Assessment: Audit Evidence Report

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| Report Title | Audit Evidence Risk Assessment |
| Date | 2024-06-15 |
| Prepared by | Jane Doe, Audit Manager |
| Reviewed by | John Smith, Senior Auditor |
| 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

- Implement additional controls for cut-off in revenue recognition.
- Regular inventory review to identify obsolete items.
- 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.