

Audit Methodology Findings Documentation

1. Audit Information

Project / Audit Name	Sample Financial Audit FY2023
Audit Area	Revenue Recognition
Audit Period	01 Jan 2023 - 31 Dec 2023
Auditor(s)	Jane Doe, John Smith
Date of Findings	12 June 2024

2. Finding Reference

Finding Number	2023-01
Risk Rating	Medium

3. Finding Description

The audit identified several instances where revenue was recognized prior to the completion of all performance obligations, in contravention of established accounting policies and applicable standards.

4. Criteria

According to IFRS 15, revenue is to be recognized when (or as) the entity satisfies a performance obligation by transferring a promised good or service to a customer.

5. Condition

Review of sampled contracts revealed three out of ten tested where revenue was recognized in advance of service delivery.

6. Cause

Lack of updated guidance for the finance team regarding the latest standards and inadequate review controls.

7. Effect

Financial statements may be misstated, and material misrepresentation of revenue figures may occur.

8. Recommendation

Update internal revenue recognition policies to reflect current standards and provide training for relevant staff. Implement periodic reviews of revenue transactions.

9. Management Response

Management accepts the recommendation. Revised guidelines will be dispersed by Q3 2024 and staff will undergo mandatory training.

10. Target Completion Date

Important Notes:

- Findings documentation should be clear, factual, and evidence-based.
- Ensure recommendations are actionable and address root causes.
- Management responses and follow-up actions are vital for effective remediation.
- Each finding should be uniquely referenced for traceability and audit trails.