

Findings and Observations

Internal Audit Report

1. Executive Summary

This section provides a summary of the key findings and observations resulting from the internal audit performed on [Audit Area/Process] for the period [Audit Period]. The audit aimed to assess the adequacy and effectiveness of internal controls, compliance with policies and procedures, and to identify areas for improvement.

2. Detailed Findings & Observations

No.	Finding / Observation	Criteria	Implication	Recommendation	Management Response
1	Inventory records were not updated in a timely manner, resulting in discrepancies between physical count and system records.	Inventory Management Policy Section 4.1	Potential stock-outs or overstocking. Inaccurate financial reporting.	Update inventory records promptly after each transaction. Conduct regular reconciliations.	Agreed. To be implemented by Q3 2024.
2	Absence of documented procedures for new vendor onboarding.	Procurement SOP Clause 2.2	Risk of engaging non-compliant or high-risk vendors.	Develop and implement onboarding procedures. Train procurement staff.	Management to finalize by July 2024.
3	User access rights to the financial system were not reviewed periodically.	IT Security Policy 5.3	Risk of unauthorized access and data manipulation.	Perform access rights review at least bi-annually.	In progress, to complete by September 2024.

3. Conclusion

The audit has identified certain areas where controls and processes can be strengthened. Management is encouraged to address these findings promptly to enhance overall operational effectiveness and compliance.

Important Notes:

- Audit findings should be evidence-based, objective, and clearly documented.
- Recommendations must be actionable, specific, and tailored to address root causes.
- Management responses and timelines are essential for follow-up and monitoring.
- This document should remain confidential and be shared only with authorized individuals.
- Follow-up reviews are necessary to ensure implementation of corrective actions.