



# Name of Agency

Internal Audit Division

## Internal Audit Report on “whatever the subject of the audit may be”

Period DD/MM/YYYY to DD/MM/YYYY

Reference:	Write file No.
Period of review:	Timeframe of the review
Date of Final Report:	Date of submission to the Mgt.
Name of Auditors	Names of auditors involved
Circulation:	Name of the agencies to which a copy is endorsed for information or action

# Glossary

Priority ratings have been assigned to issues raised in this report as follows:

Rating scale for individual findings	
<b>Critical</b>	Active management attention required as an extreme priority. Controls are not adequate to address the associated risk.
<b>High</b>	Active management attention required as a high priority. Controls are not adequate to address the associated risk.
<b>Medium</b>	Active management attention required as a moderate priority. Controls are not adequate to address the associated risk.
<b>Low</b>	Active management attention not required on priority. Controls are more or less adequate to address the associated risk.

## Rating scale for overall report

Control is inadequate			Control is adequate	
<b>E</b>	<b>H</b>	<b>M</b>	<b>L</b>	<b>CC</b>
Extreme Priority	High Priority	Moderate Priority	Low Priority	Control Critical Test controls regularly

## Limitations

Describe all your limitations in here. The limitations can be related to scope of the audit, methodology adopted, adequacy of the samples and adaptation of standards.

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## **Executive Summary**

This section should contain the following;

- A brief background
- Objective and the scope of audit engagement
- Methodology
- Key findings
- Opinion
- Recommendations
- Acknowledgement

### **1. Background**

This section should contain the following;

- A brief background on the auditee
- Brief description of duties/functions of auditee
- Budget/expenditure of the auditee agency

### **2. Objective and Scope**

- Elaborate on the objective and scope of audit engagement and period covered by the current audit

### **3. Methodology**

This section should explain the methodology adopted to conduct internal audit vis-à-vis interview, observation, sampling, sample size and others used for test checking records, number of records checked, type of records checked. It should also include checklist (if any) used during the course of audit engagement. Timing of the audit (from Planning till reporting)

### **4. Audit Observations and Findings**

This should contain all significant observations and findings with respect the following;

- Audit Objective: to which audit engagement does the observation relate?

- **Criteria:** what should exist? The rules/regulations/procedures/expectations are the basis against which the audit evidence is compared.
- **Condition:** What exist? The Condition identifies the nature and extent of deviation from the criteria (deviation from what should exist) and this should be supported factual evidence. A statement of condition would be formed on the basis of Auditor's comparison of actual evidence against the appropriate criteria.
- **Consequences/Effect/Impact:** what effect/risk did it have? The effect establishes the actual or potential impact/risk of the condition and can be both quantitative and qualitative. It should determine the significance of the condition. It should also state the rating of the finding along with the adequacy of the control mechanisms.
- **Cause:** why did it happen? The possible or likely reason for the difference between the expected and actual condition.
- **Corrective Action/Recommendation:** what should be done? The actions suggested or required to correct the situation and prevent future occurrences. (Wherever possible, the audit findings should be accompanied by graphs, charts to improve the visibility of the findings.)

Summarize the overall findings in the table below based on the rating scale provided in the Glossary.

SL NO	Findings	Priority /Impact level
1		
2		
3		
4		

## 5. Recommendations:

This section will contain general recommendations if any that could not be covered as part of recommendations in the specific audit observations.

### Findings, Recommendations and Management Response

Findings	Recommendation
1.	
<p>Management Response</p>          <p>Final Audit Recommendation;</p>	

## 6. Conclusion

This section should constitute the auditors' overall opinion about the functioning of the auditee unit with respect the overall objective of the audit engagement. The strength of the auditee agency may be highlighted in this section along the areas needing attention and corrective action.

## 7. References

This section should list all publish or unpublished materials used and referred in coming with the Internal Audit Report.