### **Internal Audit Report Sample**

#### **Executive Summary**

The internal audit aimed to assess the adequacy and effectiveness of the manufacturing company's internal controls, compliance with regulations, and operational efficiencies. Key findings highlight areas for improvement in inventory management and health and safety practices, while financial reporting controls are effectively managed. Recommendations are provided to address these issues.

#### **Audit Scope**

| **Aspect** | **Details** |
| --- | --- |
| Period Covered | January 1, 202X, to December 31, 202X |
| Departments Audited | Inventory Management, Health and Safety Compliance, Financial Reporting Processes |

#### **Methodology**

The audit methodology included document review, interviews, process observation, and transaction sampling within the specified period.

#### **Observations and Recommendations**

| **Area** | **Observation** | **Impact** | **Recommendation** |
| --- | --- | --- | --- |
| Inventory Management | Discrepancies found between physical stock and records | Potential for stockouts or excess, affecting efficiency | Implement regular cycle counts and prompt reconciliation |
| Health and Safety Compliance | Non-compliance with safety regulations detected | Increased risk of accidents and legal liabilities | Immediate corrective actions and regular safety audits |
| Financial Reporting Processes | Controls over financial reporting are well established | Ensures accuracy and reliability of financial reporting | Continue monitoring and updating controls as necessary |

#### **Action Plans**

| **Issue** | **Responsible Party** | **Timeline** | **Status** |
| --- | --- | --- | --- |
| Inventory Management | Inventory Manager | Q2 202X | In Progress |
| Health & Safety | Safety Officer | Immediate & Ongoing | Awaiting Action |
| Financial Reporting | CFO | Ongoing | Completed |

This internal audit report utilizes tables for a clear and organized presentation of the audit scope, observations with their impacts and recommendations, and the action plans for addressing identified issues. This format aids in readability and facilitates management's understanding and decision-making processes.