
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.