

[insert name of Entity]

INTERNAL AUDIT FUNCTION

**INTERNAL AUDIT FINAL REPORT
TEMPLATE**

[INSERT NAME OF AUDIT/AREA THAT WAS AUDITED]

[INSERT REPORT DATE (MONTH AND YEAR)]

[INSERT AUDIT REPORT NUMBER]

CONFIDENTIAL

Report Recipients

Table 1: Distribution List

Designation	For Action	For Information

This report is intended solely for use by management, Accounting Officer and the Audit Committee of [include name of entity]. No party other than those to whom it is addressed may rely upon this report / information for any purpose whatsoever. It must not be made available or copied in whole or in part to any other party without our prior written consent and approval by the Accounting Officer.

Executive Summary

This section will contain information on:

- Summary on the area being audited and why its being audited (e.g. part of annual audit plan, special investigation etc).
- Engagement objective.
- Scope and scope limitation (where appropriate).
- Positive attributes.
- Summary of high risk/key audit findings.
- Conclusion.

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LIST OF DIAGRAMS AND TABLES

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Table 2: Detailed Finding	Error! Bookmark not defined.

1. Introduction

This section will contain information on:

1. PFM Regulations requirements to prepare internal audit reports.
2. Background information on the area being reviewed.
3. Why the engagement is being undertaken, type of audit and who commissioned the engagement.
4. Engagement objective.
5. Engagement scope.
6. Engagement methodology.
7. Limitation (include none or nature of limitation)
8. Summarize management role of establishing and implementing governance, risk management and controls and Internal Auditor's role of providing assurance on the same.

2. Positive Attributes

This section will contain the following information:

Based on the outcome of engagement procedures areas that have effective governance, risk management and controls.

3. Detailed Findings

3.1 Finding Rating Matrix

Finding rating matrix relates specifically to the rating of the detail findings.

Rating	Definition
Major [Red]	A fundamental and critical control weakness, which hampers operations, and therefore requires immediate management action.
Significant [Yellow]	Control weakness considered to be of a serious nature that should receive management attention in the short term.
Minor [Green]	These weaknesses do not represent a risk to the environment and can usually be corrected at minimal cost. The resolution will lead to an improvement of the operations' efficiency, and/or effectiveness. It is not considered a critical issue.
Performance Improvement Observation	
An opportunity for improvement was identified and brought to the attention of management, as a value-added service.	

3.2 [include the main heading of the system/process that was audited]

This sub-section represents the results of the audit testing performed and the findings identified. To ensure a balanced report this should include satisfactory performance and areas of improvement.

3.2.1 [state the key control]

Table 2: Detailed Finding

State the control			Rating of finding	
Criteria				
[Copy from the draft report]				
Condition				
[Copy from the draft report]				
Cause				
[Copy from the draft report]				
Consequences				
[Copy from the draft report]				
Corrective Action				
Extreme Risk	High Risk	Moderate Risk	Low Risk	
Complete Corrective Action within 1 month in a financial year	Complete Corrective Action within 3 months in a financial year	Complete Corrective Action within 6 months in a financial year	Complete Corrective Action within 12 months	
[Copy from the draft report]				
Agreed Management Action Plan				
Activity	Responsible	Timelines	Resources	
[Management feedback on the draft report]	[Management feedback on the draft report]	[Management feedback on	[Management feedback on	

State the control		Rating of finding	
		the draft report]	the draft report]

The Internal Auditor may provide more information in the appendix

3.3 Prior Audit Recommendation Implementation

Implementation status of recommendations of prior audits. This shall include Internal Audit, OAG, Accounting Officer and Audit Committee (including Governing body) directives and other assurance providers.

Report reference	Report Name	Total Management Action	Status of implementation of recommendations			
			Implemented	Partially	Not Implemented	Suspended
<i>[insert the Engagement Report Number]</i>	<i>[insert the area/process audited]</i>	<i>[insert the total number of agreed management action]</i>	<i>[insert the total number of agreed management action that are 100% complete]</i>	<i>[insert the total number of agreed management action that have been started but not 100% complete]</i>	<i>[insert the total number of agreed management action that have not started but relevant]</i>	<i>[insert the total number of agreed management action that have not started but management does not perceive them to be relevant e.g. where risk has been accepted, circumstance have changed]</i>
Total %		100%	Xx%	Xx%	Xx%	Xx%

4. Conclusion

Due to the fact that we only evaluated key activities and controls relating to the *[include the system/process audited]* we concluded on the adequacy and effectiveness of *[amend as appropriate--the governance, risk management and controls of the system/process audited]*. The assessment of the conclusions on individual *[amend as appropriate--the governance, risk management and controls of the system/process audited]* was used to conclude on the overall *[amend as appropriate--the governance, risk management and controls of the system/process audited]* environment.

Ratings awarded represent the conclusion of Internal Audit based on the results of the audit of a system or audit area. Please note that the conclusions as indicated below, are based on sample testing and only applies to the key controls we evaluated as identified in our scope in section 1 above.

The [amend as appropriate--*the governance, risk management and controls of the system/process audited*] environment will be rated using the following criteria:

Rating	Definition
Inadequate [Red]	The majority of our findings are of a serious nature and require immediate management intervention to achieve business objectives.
Needs Improvement [Orange]	The majority of our findings are medium risks that require management focus to rectify.
Satisfactory [Yellow]	Some control deficiencies were identified however, these were mainly administrative in nature and can easily be rectified.
Good [Green]	Internal controls are operating effectively (subject to the limitations of sample testing).

Based on our audit work performed and subject to our findings detailed in Section 3, we report that the adequacy and effectiveness of the controls relating to the [include name of the system/process that was audited] are [include rating per the conclusion rating definitions above].

5. Acknowledgement

Appreciate management for the assistance given during the audit.

6. Approval

The HIA takes responsibility for this report at this date which has been discussed and agreed with management.

[Name]
Head of Internal Audit Function

Date

- 7. Appendix**
- 7.1 Appendix 1—xxx**