

BASICS OF AN INTERNAL AUDIT REPORT

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TABLE OF CONTENT

1. What is an Internal Audit Report.
2. Types of Internal Audit Report
3. What needs to be done when preparing the Report.
4. Essentials of a good Internal Audit Report
5. Basic features of a typical Internal Audit Report.
6. Conclusion.

1. WHAT IS AN INTERNAL AUDIT REPORT

The internal audit report is the document prepared as an outcome of the internal audit process.

It is used by the internal auditors to show what was examined - highlighting positives, negatives (Lapses), recommendations and conclusions, so that the management knows what is going well and what needs to be improved upon.

The report should be carefully prepared. Such that it needs to be clear, objective and impartial in order to ensure that the auditors' reports are useful and the organization can use them as a guide to set the direction of actions.

2. TYPES OF INTERNAL AUDIT REPORT

1. Monthly Report
2. Quarterly Report
3. Yearly Report
4. Tenure Audit Report
5. Executive Summary:

Is a brief description of what was audited, observed and corresponding recommendations.

Executive Summary of the Report of the Auditor General of the Federation

S/No	Project Title	Contractor	Contract Sum (₦)	Observed Lapses	Recommendations
1	Rehabilitation of Agric. Economics Building	Messrs XYB & Co	58,387,143.42	1. Provision was made for 22 air-conditioners at a cost of ₦2,310,000.00 . However, 21 air-conditioners were supplied and installed.	1. Items not supplied totalling ₦194,120.00 should be recovered and recovery particulars forwarded for verification.

3. WHAT NEEDS TO BE DONE WHEN PREPARING THE REPORT

Reiterating what was discussed above, one of the benefits of performing internal audits is to find opportunities for improvement. Based on this, the auditor should therefore be focused when writing the report.

The auditor should avoid:

1. Finding guilty parties;
2. Applying unnecessary technical terms;
3. Lauding their own work.
4. The report should have a natural and straightforward tone.

4. ESSENTIALS OF A GOOD INTERNAL AUDIT REPORT

1. Accuracy: Free from errors and distortions.
2. Objectivity: Fair, impartial, and unbiased.
3. Clear: Easily understood and logical, avoiding unnecessary technical terms.
4. Concise: Brief and straight to the points.
5. Constructive: It should be helpful to the organization and leads to improvements where needed.
6. Timely: Expedient so as to allow the management take appropriate and corrective actions.

5. BASIC FEATURES OF A TYPICAL INTERNAL AUDIT REPORT

1. Address:

- a. *Addresser*
- b. *Addressee*
- c. *Date*
- d. *Ref. No (Optional)*

2. Title of the Report:

Internal Audit Quarterly Report for the Period January 01 - March 31, 2021

3. Introduction:

We present below, the Internal Audit first quarterly report ended March 31, 2021.

4. Audit objectives:

- a. To evaluate internal control system in operation.
- b. To determine whether expenditure incurred comply with the University Financial Instructions.
- c. To ascertain if non-current and current assets of the University were safeguarded.
- d. To ensure that due processes were followed for the procurement of non-current assets and consumables.

BASIC FEATURES OF A TYPICAL INTERNAL AUDIT REPORT (*Continued*)

4. Sources of information:

- a. Cash advance.
- b. Finance office revenue receipt register.
- c. Commitment cards.
- d. Personal contact and interviews.
- e. Physical assets verification at the Department.
- f. Handover Note.

5. Sources of revenue:

- a. Departmental registration Income.
- b. Science Levy.
- c. Sales of Boarded item.
- d. Departmental Income (TSA).

6. Findings:

a. Financial information

- i. *Income*
- ii. *Expenditure*
- iii. *Surplus/Deficit*

➤ Non-Financial activities

BASIC FEATURES OF A TYPICAL INTERNAL AUDIT REPORT *(Continued)*

7. Observed lapses:

These are errors or shortcomings basically due to forgetfulness or inattention to the extant rules and regulations of an organisation.

8. Recommendations:

Suggestions or proposals as to the best course of action.

9. Conclusion:

In our opinion, and to the best of information made available to us, the School complied with the extant policies and Financial Instructions of the University of Ibadan.