

Internal Audit Report

For: [Business Name]

Date: [Insert Date]

Executive Summary

An **internal audit report** for small businesses provides a thorough evaluation of financial and operational controls to ensure accuracy and compliance. It highlights key findings, identifies risks, and suggests improvements to strengthen business processes. This report is essential for enhancing transparency and supporting informed decision-making.

Objectives and Scope

- Evaluate effectiveness of internal controls
- Assess compliance with regulatory requirements
- Review accuracy of financial records
- Identify areas for process improvements

Key Findings

#	Area	Observation	Risk Level
1	Cash Handling	Discrepancies found in daily cash reconciliation	Medium
2	Expense Documentation	Missing supporting documents for several expenses	High
3	Inventory Management	Periodic physical inventory not conducted	Medium

Recommendations

- Implement regular cash reconciliation and supervisory review.
- Require submission of supporting documents for all expenses before approval.
- Schedule quarterly physical counts for inventory and document results.

Conclusion

The audit identified several areas where internal controls can be strengthened. Prompt action on the above recommendations will enhance financial accuracy, minimize risk, and support business growth. Management's response and implementation plan are encouraged to ensure continual improvement.

Prepared by:

[Auditor Name]
[Audit Firm or Department]