

FMM 05.13 Final Audit Report

13.1 Introduction

Audit reports are the formal channel for communicating the results of internal audit work. A well-prepared report adds value by clearly presenting the key risks, supporting evidence, conclusions and practical recommendations.

Reporting should build trust, support reform, and promote better governance — not merely highlight deficiencies.

13.2 Mandated Policy

1. Internal audit units must:

- a. Prepare timely and balanced reports following fieldwork.
- b. Present findings in a clear, factual, and constructive manner.
- c. Seek and incorporate management comments to the extent appropriate.
- d. Submit the final report to the department head, Audit Committee and other designated recipients as per the Annual Work Plan.
- e. Retain a formal, documented reporting trail.

2. Reports must comply with mandatory standards (IPPF 2400–2440) and this Manual.

13.2.1 Exit Meeting and Draft Report

3. An exit meeting is to be conducted and serves to:

- Share draft findings and recommendations.
- Confirm factual accuracy.
- Discuss the practicality and timelines of remedial actions.
- Hear management’s initial response or concerns.

During this meeting auditors must remain open to legitimate evidence but avoid altering findings without documentation.

4. The draft report should be issued promptly after the exit meeting, ideally within 10 working days

13.3 Non-mandatory Guidance

13.3.1 Management Response

Management has the opportunity to:

- Agree or disagree with recommendations.
- Provide reasons for any disagreement.
- Propose an action plan with timeframes and responsibilities.

A standard response format should be used. If management does not respond by the deadline (generally 10 working days), a non-response will be noted in the final report.

13.3.2 Final Report Preparation

The final report includes:

- Agreed and qualified responses
- Clear indication of each recommendation's status: agreed, agreed in part, not agreed
- Summary of key issues in a cover memorandum (optional)

Reports must be reviewed by the Head of Internal Audit and signed by the departmental head before distribution. Only minor editorial changes should be made after management review.

A standard report format is recommended:

Section	Purpose
Cover Page	Title, date, distribution, classification
Executive Summary	Objectives, scope, overall conclusion, risk rating
Background	Context and rationale for audit
Audit Objectives and Scope	Clear statement of what was audited
Methodology	Summary of approach and sampling
Findings	Structured using the 5C+I model (criteria, condition, cause, etc.)
Risk Ratings	Highlight high or extreme risks

Section	Purpose
Recommendations	SMART, practical, and linked to findings (see FMM 05.12)
Management Response	Response summary and implementation plan
Appendices	Supporting detail, acronyms, tools, evidence list

5. Reports must be:

- Free of bias or unsupported judgement
- Simple language and logical flow
- No unnecessary detail or repetition
- Support reform rather than blame
- Delivered within agreed timeframes
- Avoid emotive language or overly technical phrasing.

The distribution list is defined in the audit plan or agreed with the Head of Internal Audit and departmental head. Generally, includes:

- Audit Committee
- Operational management
- Other stakeholders as relevant (e.g. Finance, AG, Ombudsman if required)

Confidentiality must be safeguarded where required. Summaries may be used where full reports are sensitive

Audit reports may include:

- Examples of better practice
- Insights from repeat findings and systemic issues
- Opportunities for control or policy reform
- Lessons learned should be shared across government.

Further Information	iacd@finance.gov.pg
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