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CHAPTER TEN

Audit Reporting Follow-up

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THIS CHAPTER COVERS AUDIT REPORTING and follow-up. The form and content of an audit report are detailed and its purpose, structure, content, and style as dictated by the desired effect on its intended recipient for a variety of types of opinion are considered, as well as the follow-up to determine management's actions to implement recommendations.

AUDIT REPORTING

Ultimately, the value of an audit lies in the improvements to the business situation brought about as a result of the audit. Where no such improvements take place the audit may well have been a waste of time, resources, and money. Improvements will only take place where the individuals authorized and empowered to take effective action have been convinced that some form of action is appropriate to improve the control situations.

A variety of individuals will use audit reports for a variety of purposes. Executive management will typically use an audit report to gain an insight into the overall status of internal controls within a given business area and for the organization as a whole. Operational management uses audit reports to determine the adequacy and effectiveness of specific controls in achieving specific performance and control objectives. Other agencies may use audit reports to gain insight into the inner workings of specific operations and the degree of reliance that can be placed on the outputs of those business areas.

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