

### Executive Summary

Management should be aware of the following key findings from the audit:

#### 1. Internal Control

The internal control system is generally effective, but there are several areas where improvements are needed:

- The segregation of duties is not always strictly followed, particularly in the accounts payable department.
- There is a lack of documentation for certain transactions, which may lead to errors or fraud.
- The reconciliation process for bank statements is not performed consistently and on a timely basis.

Management should address these issues to enhance the reliability of the financial reporting process.

The audit also identified several areas where the company's policies and procedures are outdated and need to be revised.

Management should consider the following recommendations to improve the internal control system:

- Implement a more robust system for segregating duties, particularly in the accounts payable department.
- Establish a policy requiring the documentation of all transactions, including supporting documents.
- Implement a consistent and timely reconciliation process for bank statements.

Management should be responsible for implementing these recommendations and providing a timeline for completion.

The auditor's opinion is based on the information provided to us and is not a guarantee of the accuracy of the financial statements.

Account	Balance	Change
Accounts Receivable	125,000	(10,000)
Accounts Payable	80,000	5,000
Inventory	200,000	(15,000)
Fixed Assets	500,000	(20,000)
Equity	1,000,000	0
<b>Total</b>	<b>1,905,000</b>	<b>0</b>