

[Company Letterhead]

[Date]

[Name of Recipient]

[Title]

[Company Name]

[Address]

Subject: Internal Controls and Risk Management IPO Readiness Advisory

Dear [Recipient Name],

In anticipation of the upcoming Initial Public Offering (IPO), we are providing this advisory letter regarding the status and necessary enhancements of [Company Name]'s internal controls over financial reporting (ICFR) and risk management frameworks.

1. Internal Control Environment

To comply with [Relevant Regulatory Body, e.g., SEC] standards and the Sarbanes-Oxley Act (SOX) Section 404, the following actions are required:

- Documentation of all key business processes and financial closing cycles.
- Identification and remediation of existing control gaps.
- Implementation of formal segregation of duties (SoD) across all financial systems.

2. Enterprise Risk Management (ERM)

A robust risk management framework must be established to satisfy investor due diligence:

- Establishment of a Risk Register to track strategic, operational, and compliance risks.
- Formalization of risk appetite statements approved by the Board of Directors.
- Integration of risk assessment into the quarterly reporting cycle.

3. IT General Controls (ITGC)

Public company readiness requires heightened security and data integrity protocols:

- Formalization of user access review procedures.
- Implementation of standardized change management protocols for production environments.
- Enhancement of disaster recovery and data backup validation.

4. Corporate Governance

The transition requires the evolution of oversight functions:

- Formation or enhancement of an independent Audit Committee.
- Establishment of an Internal Audit function (in-house or co-sourced).
- Adoption of a formal Code of Conduct and Whistleblower Policy.

Next Steps

We recommend an immediate "gap analysis" to prioritize remediation efforts before the official filing period. We are available to discuss the timeline and resource allocation required for these initiatives.

Sincerely,

[Signature]

[Name]

[Title/Role]

[Department]