Date: [Insert Date]

To: [Recipient Name/Department Head]

From: [Internal Audit/Compliance Department]

Subject: Formal Notification of Audit Findings: Know Your Customer (KYC) Deficiencies

Dear [Recipient Name],

This letter serves as formal notification regarding the findings of the recent audit conducted on the Know Your Customer (KYC) procedures within [Department/Branch Name] for the period of [Date Range].

1. Background
The objective of this audit was to ensure compliance with Anti-Money Laundering (AML) regulations and internal policies regarding customer due diligence and identity verification.

2. Summary of Findings
During the review of [Number] sampled files, the following deficiencies were identified:

- **Missing Documentation:** [Description of missing IDs, proof of address, or corporate documents].
- **Expired Identification:** [Number] accounts contained outdated or expired government-issued IDs.
- **Incomplete Risk Profiles:** Failure to document the source of wealth or nature of business for high-risk clients.
- **Lack of Enhanced Due Diligence (EDD):** Missing documentation for Politically Exposed Persons (PEPs).
- **Verification Gaps:** Verification of customer data against sanctioned party lists was not performed or not documented.

3. Risk Assessment
The identified deficiencies pose a high regulatory and reputational risk to the institution. Failure to maintain accurate KYC records may result in legal penalties and non-compliance with [Relevant Regulatory Body] requirements.

4. Required Actions and Remediation
To resolve these findings, the following actions are required by [Deadline Date]:

- Update all identified deficient files with current and valid documentation.
- Perform a retrospective review of all accounts opened during the audit period.
- Provide training to relevant staff on updated KYC/AML procedures.

5. Management Response
Please provide a written response by [Date] outlining the corrective action plan, the individuals responsible for implementation, and the expected completion dates.

We are available to discuss these findings and provide guidance on the remediation process.

Sincerely,

[Signature]
[Name of Auditor/Compliance Officer]
[Title]
[Company Name]