

DATE: [Date]

TO: [Name of Senior Manager/Executive]

FROM: [Name of Auditor/Department Head]

SUBJECT: Management Letter: Corporate Credit Card Disbursement Irregularities

Dear [Recipient Name],

We have completed a review of the corporate credit card disbursements for the period of [Start Date] to [End Date]. During our review, we identified several irregularities that require immediate management attention.

Observation 1: Missing Documentation

Finding: Several transactions lacked original itemized receipts or supporting invoices.

Risk: Without documentation, the company cannot verify if expenses were for legitimate business purposes.

Recommendation: Enforce the policy that all transactions must be backed by original receipts, or the cardholder must reimburse the company.

Observation 2: Unauthorized Personal Expenses

Finding: We identified charges for personal retail items and entertainment services that do not align with company policy.

Risk: Misuse of company funds and potential tax compliance issues.

Recommendation: Initiate a recovery process for these funds and consider disciplinary action in accordance with the employee handbook.

Observation 3: Splitting of Transactions

Finding: Some employees appear to be splitting single large purchases into multiple smaller transactions to bypass individual transaction limits.

Risk: Circumvention of internal controls and budget oversight.

Recommendation: Update the monitoring software to flag split transactions and retrain staff on procurement limits.

Observation 4: Late Reconciliation

Finding: Credit card statements are consistently reconciled more than 30 days after the period end.

Risk: Delayed detection of fraud and accrual of late payment fees.

Recommendation: Set a strict 7-day deadline for monthly reconciliation and suspend cards that are non-compliant.

Please provide a written response by [Date] outlining the corrective actions you intend to take regarding these findings.

Sincerely,

[Signature]

[Name]

[Title]