

[Date]

To the Management and Board of Directors

[Client Name]

[Client Address]

**Subject: Management Letter Regarding Deficiencies in Electronic Funds Transfer (EFT) Disbursements**

Dear Management,

In connection with our audit of the financial statements of [Client Name] for the year ended [Year End Date], we reviewed the internal controls over the Electronic Funds Transfer (EFT) disbursement process. Our objective was to ensure that assets are safeguarded and transactions are properly authorized.

During our review, we identified the following deficiencies in internal controls relating to EFT disbursements:

**1. Lack of Segregation of Duties**

We noted that the individual responsible for initiating EFT payments also possesses the authority to approve the same transactions within the banking portal. This creates a risk of unauthorized or fraudulent disbursements occurring without detection.

**2. Absence of Formal Callback Procedures**

There is currently no formal process for verifying changes to vendor banking information. We recommend implementing a mandatory "callback" procedure to a known contact at the vendor's office using a verified phone number before updating banking details in the master file.

**3. Inadequate Documentation of Approval**

Our testing revealed several instances where EFT batches were processed without a signed summary report or digital audit trail confirming that a department head reviewed the supporting invoices prior to transmission.

**4. Delayed Bank Reconciliations**

EFT transactions are not being reconciled to the general ledger on a timely basis. Delays in reconciliation increase the risk that errors or duplicate payments are not identified and corrected promptly.

**Recommendations:**

- Implement a dual-authorization requirement on the banking platform (one initiator and one independent approver).
- Establish a written policy for verifying vendor bank account changes.
- Ensure all EFT payment batches are supported by an approved payment voucher and original invoices.

- Perform bank reconciliations within [Number] days of month-end.

We have discussed these comments with various members of management and are available to provide further assistance in implementing these improvements.

This communication is intended solely for the information and use of management and the Board of Directors and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

[Your Name/Firm Name]

[Title]