

[Date]

To: [Name of Management/Board of Directors]

From: [Name of Auditor/Internal Audit Department]

Subject: Management Letter Observation - Untimely Review of Cash Disbursement Journals

Observation:

During our review of the internal controls over the expenditure cycle, we noted that the Cash Disbursement Journals are not being reviewed and approved on a timely basis. In several instances, journals were signed off weeks or months after the disbursements were processed, or lacked evidence of review entirely.

Risk:

The lack of a timely independent review increases the risk that errors, duplicate payments, or unauthorized disbursements may occur and remain undetected. Delayed oversight weakens the control environment and could lead to financial misstatements or the misuse of company funds.

Recommendation:

We recommend that management implement a formal policy requiring the Cash Disbursement Journal to be reviewed and signed by a designated supervisor or manager within [Number] business days of the close of each week or month. This review should include a comparison of the journal entries against supporting documentation (e.g., invoices, purchase orders) to ensure accuracy and validity.

Management Response:

[Space for Management to provide action plan and implementation date]

Sincerely,

[Signature]

[Printed Name]

[Title]