

[Date]

[Recipient Name]
[Recipient Title]
[Organization Name]
[Address]

Subject: Post-Audit Management Letter Regarding Grant Reporting and Fund Accounting Practices

Dear [Recipient Name],

We have completed our audit of [Organization Name] for the fiscal year ended [Date]. The purpose of this letter is to provide recommendations for improving internal controls and operational efficiency specifically regarding your grant reporting and fund accounting practices.

1. Grant Compliance and Reporting

During our review, we noted that [Description of Observation, e.g., certain grant reports were submitted after the deadline].

Recommendation: We recommend implementing a centralized grant tracking calendar to ensure all reporting milestones are met and documentation is reviewed prior to submission.

2. Allocation of Functional Expenses

We observed that the methodology for allocating personnel costs across different grant funds [Description of Issue, e.g., was not supported by contemporary time studies].

Recommendation: The organization should update its time-tracking policies to ensure that payroll allocations are based on actual hours worked per program, in accordance with [Relevant Regulation/Standard].

3. Fund Accounting Structure

Our audit identified instances where restricted funds were [Description of Issue, e.g., comingled with general operating funds].

Recommendation: We suggest refining the Chart of Accounts to include specific dimensions or classes for each grant. This will ensure that restricted net assets are easily identifiable and reconcilable.

4. Documentation of Allowable Costs

Certain expenditures charged to [Grant Name] lacked [Description of Missing Item, e.g., written authorization or proof of procurement competition].

Recommendation: Management should strengthen the accounts payable process by requiring a "Grant Approval Checklist" for every disbursement linked to federal or private awards.

This communication is intended solely for the information and use of management and the Board of Directors. We would like to thank your staff for their cooperation during this audit process.

Sincerely,

[Your Name/Signature]

[Your Title/Firm Name]