

[Company/Organization Letterhead]

[Date]

[Recipient Name, Title]

[Organization Name]

[Address]

[City, State, Zip Code]

**Subject: Year-End Management Letter: Grant Compliance and Fund Accounting Remediation**

Dear [Recipient Name],

As part of our year-end financial review for the fiscal year ending [Date], we have completed an assessment of the organization's grant compliance procedures and the status of fund accounting remediation efforts.

**1. Executive Summary**

The purpose of this letter is to summarize the improvements made to our internal controls, identify remaining gaps in grant management, and outline the corrective actions taken to ensure alignment with [State/Federal/Grantor] regulations.

**2. Grant Compliance Assessment**

During the current period, we monitored compliance for the following programs: [List Grant Programs]. Our findings indicate:

- Status of Allowable Costs and Cost Principles.
- Efficiency of reporting deadlines and documentation retention.
- Adherence to specific donor-imposed restrictions.

**3. Fund Accounting Remediation Status**

In response to previously identified deficiencies, the following remediation steps have been implemented:

- **Restructuring of the Chart of Accounts:** Implemented to ensure clear segregation of restricted, temporarily restricted, and unrestricted net assets.
- **Reconciliation Procedures:** Monthly reconciliation processes for grant-specific sub-ledgers have been established.
- **Allocation Accuracy:** New methodologies for indirect cost allocations have been applied to prevent over-expenditure of grant funds.

**4. Recommendations for Next Fiscal Year**

To maintain the integrity of our financial reporting, management recommends:

- Continued staff training on [Specific Compliance Standard, e.g., Uniform Guidance].
- Implementation of automated grant tracking software.

- Quarterly internal audits of fund transfers.

## **5. Conclusion**

Management believes that the remediation efforts described above significantly strengthen the organization's financial position and reduce the risk of future non-compliance. We remain committed to full transparency and accountability in our fund accounting practices.

Sincerely,

[Signature]

[Name of Controller/CFO]

[Organization Name]