

To: [Name of Management/Department Head]

From: [Internal Audit/Compliance Department]

Date: [Insert Date]

Subject: Management Letter - Deficiencies in Timekeeping Approval Procedures

Dear [Name],

Observation:

During our recent review of the payroll and timekeeping records for the period of [Date Range], we identified significant instances where employee timesheets were processed without formal supervisor approval. Specifically, [Number/Percentage] of sampled records lacked a digital signature or physical sign-off from the designated manager.

Risk:

The absence of supervisor oversight increases the risk of inaccurate reporting of hours worked, unauthorized overtime payments, and potential non-compliance with labor regulations. Without a formal verification process, the organization is vulnerable to payroll errors and fraudulent time reporting.

Recommendation:

We recommend that management enforces a strict policy requiring all timesheets to be reviewed and approved by a direct supervisor before payroll processing. If an automated system is used, system alerts should be configured to notify managers of pending approvals. Additionally, payroll personnel should be instructed not to process payments for any unapproved time records.

Management Response:

[Space for Management to provide their action plan and expected completion date]

Sincerely,

[Your Name]

[Your Title]