

[Date]

[Name of Management/CEO]

[Company Name]

[Company Address]

**Subject: Management Letter - Deficiencies in Board Approval for Related Party Transactions**

Dear [Name],

In connection with our recent audit/review of the company's financial statements for the period ended [Date], we identified certain deficiencies regarding the internal controls over Related Party Transactions (RPTs).

**Observation:**

During our testing, we noted that several transactions involving related parties were executed without formal review or documented approval from the Board of Directors. Specifically, the following instances were identified:

- [Insert specific transaction or date]
- [Insert specific transaction or date]

**Risk:**

The absence of formal Board oversight for RPTs increases the risk of conflicts of interest, potential misappropriation of assets, and non-compliance with statutory regulations. It may also lead to transactions that are not conducted at arm's length, potentially impacting the accuracy of financial reporting.

**Recommendation:**

We recommend that management implement a formal RPT Policy requiring:

1. Prior written approval from the Board or Audit Committee for all related party transactions.
2. A centralized register to document all related parties and the nature of their transactions.
3. Annual declarations from all directors and key management personnel regarding their interests.

**Management Response:**

[Space for Management to provide comments and corrective action plan]

We are available to discuss these findings and provide further guidance on implementing these controls.

Sincerely,

[Your Name/Signature]

[Your Title/Audit Firm Name]