

[Date]

[Client Name]

[Client Address]

[City, State, Zip Code]

**RE: Management Letter - Observation of Trust Ledger Documentation**

Dear [Name of Management],

In connection with our recent audit/review of [Company Name] for the period ended [Date], we reviewed the maintenance and supporting documentation of the Trust Ledger. We are writing to formally advise you of deficiencies identified regarding inadequate documentation.

**Observation:**

During our testing, we noted that several entries within the Trust Ledger lacked sufficient supporting documentation. Specifically, we identified instances where [describe specific gaps, e.g., deposit slips, disbursement authorizations, or client-specific sub-ledgers] were missing or incomplete.

**Risk:**

Inadequate documentation poses a significant risk to the integrity of trust funds. Without a clear audit trail, the company faces an increased risk of errors, misappropriation of funds, and non-compliance with regulatory requirements governing trust accounts.

**Recommendation:**

We recommend that management implements the following procedures:

- Maintain a dedicated file for every transaction that includes a signed authorization and a clear description of the purpose.
- Perform monthly three-way reconciliations between the bank statement, the general ledger, and the individual client trust listings.
- Ensure that all ledger entries are cross-referenced to specific invoice numbers or legal matter codes.

**Management Response:**

[Space for Management to provide their corrective action plan]

We would like to thank your staff for their cooperation during this process. Please contact us if you wish to discuss this observation in further detail.

Sincerely,

[Your Name/Firm Name]

[Title]