

[Date]

[Recipient Name]

[Title]

[Organization Name]

[Address]

Subject: Management Letter - Deficiencies in Three-Way Reconciliation Process

Dear [Recipient Name],

In connection with our recent audit/review of the financial accounts for the period ending [Date], we identified specific deficiencies regarding the three-way reconciliation process between [System A], [System B], and the General Ledger.

Observation:

Our testing revealed that formal reconciliations are not being performed consistently. Discrepancies were noted between the subsidiary ledgers and the financial statements that were not investigated or resolved in a timely manner.

Risk:

The absence of a robust three-way reconciliation process increases the risk of material misstatement, undetected fraudulent activity, and inaccurate financial reporting.

Recommendation:

We recommend that management implements a mandatory monthly reconciliation procedure. This process should require:

- Comparison of data across all three platforms.
- Documentation of all adjusting entries.
- Formal sign-off by a department head or supervisor independent of the preparation process.

Management Response:

[Insert Management Response/Action Plan Here]

Please feel free to contact us if you require further clarification regarding these findings.

Sincerely,

[Your Name/Signature]

[Your Title]

[Firm Name]