

Date: [Insert Date]

To: [Insert Name of Principal/Manager]

From: [Insert Name of Accountant/Auditor]

Subject: Management Letter Regarding Unreconciled Client Trust Balances

Dear [Insert Name],

During our recent review of the firm's accounting records for the period ending [Insert Date], we identified significant unreconciled balances within the Client Trust Account.

Specifically, we noted that the total of the individual client ledger balances does not match the adjusted bank balance. The discrepancy amounts to [Insert Amount].

Our findings indicate the following areas of concern:

- Outstanding checks older than six months that have not been voided or reissued.
- Bank fees deducted directly from the trust account rather than the operating account.
- Earned fees that remain in the trust account instead of being transferred to the operating account.
- Unidentified deposits that have not been allocated to a specific client matter.

Recommendations:

- Perform a formal three-way reconciliation (bank balance, book balance, and ledger total) on a monthly basis.
- Immediately investigate and resolve all long-standing variances.
- Ensure all staff involved in trust accounting receive updated training on compliance requirements.

Failure to maintain reconciled trust records poses a significant risk to the firm's regulatory compliance and fiduciary obligations. We advise that these corrections be implemented immediately.

Sincerely,

[Your Signature]

[Your Printed Name]

[Your Title]