

DATE: [Date]

TO: [Name of Audit Committee / Board of Directors]

FROM: [Name of Internal Audit / Accounting Firm]

SUBJECT: Notification of Material Weaknesses in Internal Control Over Financial Reporting

Dear [Name],

In connection with the recent merger between [Company Name A] and [Company Name B], we have evaluated the design and operating effectiveness of the internal controls over financial reporting for the combined entity.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

We identified the following material weaknesses:

1. Financial Integration and Data Migration

The integration of the two legacy ERP systems lacked sufficient validation procedures. This resulted in inaccurate data mapping and incomplete migration of opening balance sheet accounts.

2. Inadequate Segregation of Duties

Due to personnel turnover and organizational restructuring following the merger, certain individuals currently possess conflicting access rights to both the initiation and approval stages of the disbursement cycle.

3. Lack of Formal Review over Purchase Accounting

The internal controls governing the valuation of intangible assets and the calculation of goodwill did not include a sufficiently rigorous technical review to ensure compliance with [GAAP/IFRS] standards.

Remediation Plan:

Management is currently developing a remediation plan to address these deficiencies, which includes:

- Implementing automated reconciliation tools for system integration.
- Reviewing and restricting user access levels within the financial systems.
- Hiring external subject matter experts to assist with complex purchase accounting valuations.

We will continue to monitor the implementation of these corrective actions and perform follow-up testing during the next reporting cycle.

Sincerely,

[Signature]
[Name and Title]