[Date]

[To: Name of Management/Board of Directors]
[Company Name]
[Company Address]

Subject: Management Letter Regarding Inconsistent Revenue Recognition Policies

Dear [Name],

During our recent review of the financial statements for the period ending [Date], we identified significant inconsistencies in the application of revenue recognition policies across various departments and contract types.

Observation:
It was noted that revenue is being recognized at different stages of the sales cycle depending on the business unit. Specifically, [describe specific inconsistency, e.g., some units recognize upon shipment while others recognize upon delivery], leading to potential misstatements in periodic reporting.

Risk:
Inconsistent revenue recognition increases the risk of non-compliance with [Accounting Standards, e.g., IFRS 15 or ASC 606]. This may result in inaccurate financial reporting, distorted performance metrics, and potential audit adjustments.

Recommendation:
We recommend the following actions:

- Develop and implement a centralized Revenue Recognition Policy manual that aligns with current accounting standards.
- Conduct mandatory training for the accounting and sales departments to ensure uniform interpretation of contract terms.
- Establish a periodic internal review process to verify that revenue is recorded consistently across all divisions.

Management Response:
[Space for Management to provide their action plan and timeline]

Please let us know if you require further clarification regarding these findings.

Sincerely,

[Your Name/Firm Name]
[Title]