Date: [Insert Date]

To: [Insert Name of Management/Board of Directors]
From: [Insert Auditor/Department Name]
Subject: Management Letter: Inadequate Segregation of Duties Following System Integration

Dear [Insert Name],

During our recent review of the internal control environment following the integration of [Insert System Name/Process Name], we identified a significant deficiency regarding the segregation of duties (SoD).

Observation:
As a result of the recent system integration and organizational restructuring, certain employees now possess overlapping access rights that allow them to initiate, authorize, and record financial transactions within the same process flow. Specifically, we noted that [Insert Specific Example, e.g., the accounts payable team can both create new vendors and approve payments].

Risk:
Inadequate segregation of duties increases the risk of errors going undetected and provides opportunities for fraudulent activities. Without independent checks and balances, the integrity of financial reporting and the security of company assets may be compromised.

Recommendation:
We recommend that management performs a comprehensive review of user access profiles within the integrated system. Responsibilities should be reassigned so that no single individual has control over all phases of a transaction. Where staffing constraints make full segregation impossible, robust compensatory controls, such as independent secondary reviews of system logs or exception reports, should be implemented and documented.

Management Response:
[Insert Space for Management Comments]

We are available to discuss these findings and assist in the development of a remediation plan.

Sincerely,

[Insert Signature]
[Insert Printed Name]
[Insert Title]