

[Date]

To: [Name of Senior Management/Board of Directors]

From: [Your Name/Audit Firm Name]

Subject: Management Letter - Absence of Standardized Period-End Close Procedures

Dear [Recipient Name],

During our recent [audit/review] of [Company Name]'s financial statements for the period ended [Date], we identified a significant weakness regarding the company's financial closing process. Specifically, we noted that the organization lacks formal, standardized procedures for period-end closing activities.

Observation:

The accounting department currently operates without a documented month-end or year-end closing checklist. Tasks such as account reconciliations, accrual entries, and financial statement reviews are performed inconsistently and are often dependent on the memory or individual preferences of specific staff members.

Risk:

The absence of standardized procedures increases the risk of:

- Material misstatements in financial reporting.
- Omission of critical adjusting journal entries.
- Delays in the production of timely financial reports.
- Inefficiency and lack of accountability within the finance team.

Recommendation:

We recommend that management develops and implements a formal closing manual. This should include:

- A comprehensive checklist of all required tasks.
- Assigned responsibility for each task (preparer and reviewer).
- Firm deadlines for each stage of the close process.
- Standardized templates for account reconciliations.

Management Response:

[Insert Management Response Here]

We are available to discuss these observations and provide further guidance on establishing internal controls over the closing process.

Sincerely,

[Signature]

[Typed Name and Title]