Date: [Insert Date]

To: [Management Name/Department]
From: [Internal Audit/Compliance Department]
Subject: Notice of Control Deficiency: Cash Flow Forecasting Process

Dear [Name],

During our recent review of the organization's financial internal controls, we identified a deficiency regarding the **Cash Flow Forecasting Controls**. This letter outlines the observation, the associated risk, and the required corrective actions.

Observation:
The current process for developing and reviewing cash flow forecasts lacks formal documentation and independent verification. Specifically, we noted that:

- Forecast assumptions are not consistently documented or updated to reflect market changes.
- There is no formal sign-off or secondary review by senior management prior to finalization.
- Variance analysis between forecasted and actual cash flows is not performed on a regular basis.

Risk Implication:
Without robust controls, there is an increased risk of inaccurate liquidity reporting. This may lead to inefficient capital allocation, inability to meet short-term obligations, or unexpected financing costs.

Required Corrective Action:
To remediate this deficiency, management must implement the following:

- Establish a standardized template and procedure for all cash flow projections.
- Implement a mandatory review and approval workflow involving the [CFO/Finance Director].
- Perform a monthly variance analysis and document explanations for any deviations exceeding [Insert Percentage]%.

Timeline for Remediation:
Please provide a formal response and a detailed action plan by [Insert Date]. We expect these controls to be fully operational by [Insert Target Completion Date].

Sincerely,

[Your Name]
[Your Title]
[Company Name]