

[Your Company Name/Audit Firm Name]
[Your Address]
[City, State, Zip Code]

[Date]

[Recipient Name]
[Recipient Title, e.g., Chief Financial Officer]
[Client Company Name]
[Client Address]

Re: Evaluation of Internal Controls over Outsourced Accounting Services

Dear [Recipient Name],

In connection with our recent engagement, we have reviewed the internal control environment related to the accounting services outsourced to [Name of Outsourced Service Provider]. The purpose of this letter is to communicate our observations regarding the design and operating effectiveness of the controls in place to manage the risks associated with this arrangement.

Our review focused on the following key areas:

- Review and analysis of the Service Organization Control (SOC) reports.
- Implementation of Complementary User Entity Controls (CUECs).
- Data security and confidentiality protocols.
- The accuracy and timeliness of financial data integration.

Based on our assessment, we have identified the following matters for your attention:

1. Observation: [Insert specific finding, e.g., Gap in SOC 1 Type II review]

Risk: [Describe potential financial or operational impact].

Recommendation: [Provide suggested action for management].

2. Observation: [Insert specific finding, e.g., Lack of formal reconciliation review]

Risk: [Describe potential financial or operational impact].

Recommendation: [Provide suggested action for management].

We recommend that management performs a formal, documented review of the outsourced provider's performance on a [Monthly/Quarterly] basis to ensure compliance with the Service Level Agreement (SLA) and to mitigate financial reporting risks.

This communication is intended solely for the information and use of management and the Board of Directors of [Client Company Name] and is not intended to be, and should not be, used by anyone other than these specified parties.

We remain available to discuss these findings and assist in the development of an improvement plan.

Sincerely,

[Your Name/Signature]

[Your Title]