

[Date]

[To: Board of Directors / Audit Committee]

[Organization Name]

[Address]

Subject: Management Letter regarding Controls at [Name of HR Service Provider]

Dear [Name],

In connection with our audit of the financial statements of [Organization Name] for the period ended [Date], we have reviewed the controls and processes related to the outsourced human resources services provided by [Name of HR Service Provider].

Our review focused on the following key areas of the service provider's control environment:

- Payroll processing and tax compliance.
- Management of employee benefits and pension contributions.
- Data security and protection of personally identifiable information (PII).
- Accuracy of reporting and integration with the Organization's general ledger.

We have reviewed the [SOC 1 / SOC 2] Type II report issued by the service provider's independent auditors. Based on our assessment, we noted the following:

1. Control Deficiencies

[Describe any specific control weaknesses identified or "No material weaknesses were noted during the period under review"].

2. User Entity Controls

The effectiveness of the service provider's controls is dependent upon [Organization Name] performing specific complementary controls, such as [e.g., timely notification of terminations or manual review of payroll registers]. We recommend improving the documentation of these internal reviews.

3. Recommendations

[Provide specific actionable advice to mitigate risks associated with the outsourced service].

This communication is intended solely for the information and use of management and the Board of Directors and is not intended to be used by anyone other than these specified parties.

Sincerely,

[Your Name/Signature]

[Your Title/Firm Name]