

[Date]

[Name of Management/Board of Directors]

[Company Name]

[Address]

Subject: Management Letter Regarding Control Deficiencies at [Payroll Service Provider Name]

Dear [Name],

In connection with our audit of the financial statements of [Company Name] for the period ended [Date], we have reviewed the Service Organization Control (SOC) report provided by your third-party payroll processor, [Payroll Service Provider Name].

Our review identified the following control deficiencies or qualified opinions noted within the SOC report that may impact your organization's internal control over financial reporting:

- **Deficiency 1:** [Description of the specific control failure, e.g., failure to disable terminated user access].
- **Deficiency 2:** [Description of the specific control failure, e.g., lack of independent review of payroll changes].

Potential Impact:

[Briefly describe the risk, e.g., unauthorized changes to payroll data or inaccurate financial reporting].

Recommendations:

We recommend that management implement the following Complementary User Entity Controls (CUECs) to mitigate these risks:

- [Recommendation 1: e.g., Perform monthly reconciliations of payroll registers to HR records].
- [Recommendation 2: e.g., Formalize a quarterly review of user access levels].

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

Sincerely,

[Your Name/Audit Firm Name]

[Title]