

DATE: [Insert Date]

TO: [Insert Name of Management/Board of Directors]

FROM: [Insert Name of Auditor/Compliance Officer]

SUBJECT: Management Letter regarding SOC Report Exceptions for [Insert Cloud Hosting Provider Name]

Dear [Insert Name],

We have completed our review of the [Insert Type, e.g., SOC 2 Type II] report for [Insert Cloud Hosting Provider Name] covering the period [Insert Start Date] to [Insert End Date].

The purpose of this letter is to formally notify management of specific exceptions identified within the Service Auditor's report and to outline the potential impact on our organization's internal control environment.

Identified Exceptions:

The following control deviations were noted by the Service Auditor:

- **Control Activity:** [Insert description of the failed control]
Exception Found: [Insert details of the deviation/testing failure]
Provider's Response: [Insert provider's explanation or remediation plan]
- **Control Activity:** [Insert description of the failed control]
Exception Found: [Insert details of the deviation/testing failure]
Provider's Response: [Insert provider's explanation or remediation plan]

Risk Assessment and Impact:

We have evaluated these exceptions to determine if they compromise the security, availability, or integrity of the data hosted by [Insert Cloud Hosting Provider Name]. Our assessment is as follows:

[Insert assessment: e.g., The risk is mitigated by our internal encryption policies / The risk requires immediate monitoring of user access logs.]

Complementary User Entity Controls (CUECs):

To mitigate the risks associated with the service provider's environment, we confirm that our organization has implemented the following required controls:

- [Insert CUEC 1, e.g., Timely termination of user access]
- [Insert CUEC 2, e.g., Regular review of firewall configurations]

Recommendation:

We recommend [Insert Recommendation, e.g., conducting a follow-up inquiry in six months to ensure remediation is complete].

Please acknowledge receipt of this letter and indicate if any further action is required from the compliance team.

Sincerely,

[Your Signature]

[Your Printed Name]

[Your Title]