[Date]

[Name of Management/Plan Administrator]
[Company Name]
[Address]
[City, State, Zip Code]

**Subject: Interim Management Letter Regarding Internal Controls over ESOP Valuation**

Dear [Name],

In connection with our interim audit procedures for the [Company Name] Employee Stock Ownership Plan (the Plan) for the period ending [Date], we have reviewed the design and implementation of internal controls surrounding the annual valuation of employer securities.

Our interim testing identified the following areas where controls could be strengthened to ensure the accuracy and reliability of the Plan's financial reporting:

**1. Review of Independent Appraisal Assumptions**
While the Plan engages an independent appraiser, we noted a lack of formal documentation regarding management's internal review of the underlying assumptions (such as projected cash flows, discount rates, and market multiples). We recommend that management implement a formal checklist to verify the reasonableness of these inputs against historical performance and industry benchmarks.

**2. Accuracy of Participant Data Provided to Appraiser**
Our testing indicated that the census data provided to the appraiser was not formally reconciled to the payroll system prior to submission. Inaccurate participant counts or compensation data may impact the valuation. We suggest a secondary review process to sign off on data integrity before it is sent to the valuation firm.

**3. Oversight of Fiduciary Approval Process**
We observed that the Board of Directors or ESOP Committee minutes do not explicitly document the specific factors considered when approving the final valuation report. We recommend that minutes reflect a detailed discussion of the valuation methodology to demonstrate active fiduciary oversight.

This communication is intended solely for the information and use of management and the Plan's fiduciaries and is not intended to be, and should not be, used by anyone other than these specified parties.

We appreciate the cooperation provided by your staff during this interim period.

Sincerely,

[Engagement Partner Name]
[Audit Firm Name]