Date: [Insert Date]

To: Management and Board of Directors
[Company Name]
[Company Address]

Subject: Management Letter - Control Deficiencies Regarding Segregation of Duties in ESOP Valuation Processes

Dear Management,

In connection with our recent audit of the [Company Name] Employee Stock Ownership Plan (the "Plan"), we reviewed the internal controls over the annual stock valuation process. We are writing to formally communicate a finding regarding the lack of adequate segregation of duties within this area.

Observation:
During our review, we noted that the same individual responsible for maintaining the financial records of the Plan is also solely responsible for coordinating with the independent appraiser, providing the underlying valuation data, and reviewing the final valuation report without secondary oversight.

Risk:
A lack of segregation of duties in the valuation process increases the risk that errors or intentional misstatements in financial data could be provided to the appraiser, leading to an inaccurate share price. This could result in incorrect distributions to participants and potential regulatory non-compliance with ERISA standards.

Recommendation:
We recommend that the Company implement the following controls:

- Separate the functions of data preparation and valuation review.
- Establish a formal review committee or designate a senior official independent of the daily accounting process to approve the valuation assumptions and the final report.
- Document the review process with a signature or electronic approval prior to the adoption of the annual share price.

Management Response:
[Insert Management Response/Action Plan here]

We available to discuss these comments and recommendations at your convenience.

Sincerely,

[Your Name/Audit Firm Name]
[Title]