Date: [Insert Date]

To: Board of Directors and ESOP Administrative Committee
From: [Insert Name/Audit Firm]
Subject: Management Letter - Review of Internal Controls over ESOP Valuation

Dear Members of the Board and Committee,

In connection with our year-end procedures, we have reviewed the internal controls related to the valuation of the Employee Stock Ownership Plan (ESOP) for the fiscal year ending [Insert Date]. Our objective was to ensure that the process for determining the fair market value of the company's stock remains robust, transparent, and compliant with regulatory standards.

1. Review of Valuation Methodology
We have assessed the methodologies applied by the independent valuation firm. It is essential that management continues to verify that the assumptions used (e.g., discount rates, terminal growth rates, and peer multiples) are consistent with current market conditions and company performance.

2. Accuracy of Data Provided to Appraisers
A critical control point is the accuracy of the financial data and projections provided to the third-party appraiser. We recommend a formal sign-off process where senior management reviews the data package for completeness before it is transmitted to the appraiser.

3. Independence of the Appraiser
Management should perform an annual review to confirm the independence and professional qualifications of the valuation firm. Ensure that no conflicts of interest exist that could compromise the integrity of the ESOP stock price.

4. Oversight and Documentation
The ESOP Committee should maintain detailed minutes of meetings where the valuation report is reviewed and adopted. These records should document the committee's challenge of the appraiser's findings to demonstrate active fiduciary oversight.

Conclusion
Strengthening these controls will help mitigate risks associated with Department of Labor (DOL) audits and ensure the Plan's continued compliance with ERISA requirements.

Sincerely,

[Your Signature]
[Your Printed Name/Title]