

**Date:** [Insert Date]

**To:** [Audit Committee / Internal Audit Department]

**From:** [Finance / IT Governance Department]

**Subject:** System Controls Letter for Deferred Revenue Amortization Schedules

Dear [Recipient Name],

The purpose of this letter is to certify the internal system controls surrounding the generation, maintenance, and accuracy of Deferred Revenue Amortization Schedules within the [Insert System Name, e.g., ERP/NetSuite] as of [Insert Period End Date].

### **System Integrity and Automation**

The system is configured to automatically recognize revenue based on pre-defined revenue recognition rules aligned with ASC 606 standards. The amortization schedules are system-generated upon the validation of a sales order or invoice, ensuring that the deferral period matches the contractual service dates.

### **Control Objectives**

- **Data Accuracy:** Input validation controls ensure that contract values and performance obligation periods are captured correctly at the point of entry.
- **Segregation of Duties:** Logical access controls are in place to ensure that personnel responsible for creating amortization rules are independent of those who process transactions.
- **Modification Logs:** Any manual adjustments to system-generated schedules require management approval and are tracked via an automated audit trail.
- **Calculation Logic:** The straight-line or milestone-based logic used by the system has been tested to ensure mathematical accuracy across fiscal periods.

### **Reconciliation**

Monthly reconciliations are performed between the Deferred Revenue subsidiary ledger and the General Ledger. Any variances identified are investigated and resolved prior to the closing of the financial period.

### **Conclusion**

Based on our internal assessments and continuous monitoring, the system controls governing deferred revenue amortization are operating effectively and provide reasonable assurance regarding the reliability of financial reporting.

Sincerely,

[Signature]

[Name of Authorized Officer]

[Title]

[Company Name]