Summary for the audit committee

[Client]. Internal control over financial reporting, readiness for the [year] audit. Prepared for management, [date]. One page.

WHERE THINGS STAND

Management engaged Faulkner Governance Risk & Compliance to review the controls the external auditor will test, before the auditor tests them. The review covered [n] processes and [n] applications. It found [n] gaps: [n] that would likely be reported as deficiencies if left open, [n] of them in the IT general controls, and [n] that are housekeeping. As of [date], [n] are fixed and retested, [n] are fixed and waiting for the new control to run long enough to be retested, and [n] are open.

AREA	FOUND	FIXED AND RETESTED	FIXED, RETEST PENDING	OPEN
IT general controls	[n]	[n]	[n]	[n]
Business process controls	[n]	[n]	[n]	[n]
Key reports and SOC 1	[n]	[n]	[n]	[n]
Entity level controls	[n]	[n]	[n]	[n]

WHAT HAS BEEN FIXED

The [ERP] access review now records the reviewer, the date and the accounts removed, and the first quarter under the new procedure has been retested. Vendor creation and payment approval are separated in [ERP]. The journal entry review threshold is documented, and the first month under it has been retested.

WHAT IS AT RISK BEFORE YEAR END

The [period] change control gap cannot be fixed after the fact; the automated controls that changed in that period are being retested in full instead. The SOC 1 report from [payroll provider] ends [n] months before year end, and a bridge letter has been requested. The [process] control owner position has been vacant since [date]; a compensating review is in place and a named owner is needed by [date].

WHAT MANAGEMENT ASKS THE COMMITTEE TO NOTE

The gap list, with an owner and a date on every line, is attached. Management expects the open items to be closed by [date], before the auditor's interim fieldwork on [date]. Two items depend on decisions listed in the weekly status of [date]. Management will report again on [date] or when any item changes severity.