

Key Elements of the Accountant's Engagement Letter

(not all need to be used)

1. Client's identity (if a client is a part of an affiliated group, then other members of the group are not the client)
2. Purpose of the engagement (overall goal of the engagement)
3. Scope of the work (exact services to be performed by the accountant and may include services not performed)
4. Limitations (should be clearly identified, so the client's expectations are realistic)
5. Client's instructions and responsibilities (client will need to provide certain information by a deadline set by the accountant in order for the accountant to complete the work timely. Note: this may include prior accountant's reports.)
6. A statement that the accountant relied on the facts provided by the client
7. Date the accountant expects to begin work and anticipated completion date
8. Payment and billing terms (type of fees – whether lump sum or hourly; frequency of invoices; client's responsibility to pay within a certain number of days of receipt of invoice)
9. Consequences of non-payment (a statement that services will be terminated if client fails to pay invoice for two consecutive months, for example)
10. Client's signature and date line (a statement with instructions to client to sign and return)
11. Procedure for requesting additional services and a statement explaining that this will likely entail another engagement.
12. Procedure for withdrawing from or terminating the engagement

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13. Limitation of liability/indemnification provision (Note 1: this may not be allowed in some states, so research is required. Note 2: this may create a conflict, so it is advisable for your client to have independent legal representation to review this provision if allowed in your jurisdiction.)
14. Procedure for handling disputes
15. A statement setting forth the third party non-clients intended users, if any
16. Staffing of the engagement (indicates who will complete the work)
17. Record retention procedure

These sample engagement letters, checklists, and practice and consent forms are for illustrative purposes only. We recommend you use these letters and forms only after you have consulted with your attorney. Since your practice may be different than those described in the sample letters and forms, we recommend that you modify them to suit your individual practice needs. Use of these sample letters and forms is not intended to constitute a binding contract, does not constitute legal advice, and does not satisfy your obligation to do thorough research. © Gilsbar Specialty Insurance Services, L.L.C. and Date.