**[Date]**

**[Client Name]**

**[Client Address]**

**[Client Address]**

Re: *Engagement to Provide Bookkeeping Services for* ***[Client Name]***

Dear **[Client Name or Representative]**:

We are pleased to confirm our engagement with **[Client Name(s)]** (the “Compan**[y/ies]**”) for the **[year/fiscal year/period]** ending **[Date]**, and to clarify the extent and limitations of the services we will provide.

**[Every bookkeeping engagement is different. Each engagement letter should be careful to specifically state the services that are being provided for the particular client and to avoid the use of general statements that can be interpreted by the client to expand the scope of services listed. Select from the following statements or draft other specific and accurate descriptions to conform with the understanding of the services to be provided.]**

1. **Bookkeeping Services**

Beginning on the first of the month of **[month/year]**, we will perform the bookkeeping function of **[Client Name(s)]** by reconciling or recording all cash receipts and cash disbursements from bank statements and other information you provide. We will be using **[identify bookkeeping program (i.e. QuickBooks)]** to perform this function. **[Client Name(s)]** agrees to provide us with copies of basic documents reflecting your financial transactions on a **[monthly or quarterly]** basis, including check stubs, summaries of cash receipts and sales (cash transactions, credit card statements), bank statements and canceled checks, listings of accounts receivable and accounts payable, and documentary support of property and equipment transactions – purchases, trades, sales and other dispositions, information concerning any mortgage or pledge of business assets on business debts, any personal guarantees or debt, leases, or other information that effects or may effect the results of operations of the business.

Each **[month or quarter]** we will reconcile **[Client Name(s)]** checking accounts with the bank statements to identify reconciling items that may require adjustments to your books and records. Correcting entries will be made directly into **[identify bookkeeping program]** and identify the details of each adjustment. Using information provided by **[Client Name(s)]** we will also reconcile credit card statements, PayPal accounts and loan balances.

After completion of our work, we will return to you books and records in a **[identify bookkeeping program]** file. Any new transactions must be added to the reconciled **[identify bookkeeping program]** file. Failing to do so may result in corruption of the data. You should notify us of all changes made to the reconciled **[identify bookkeeping program]** file as soon as they are made, or provide us with a new backup file.

Using information calculated by your payroll service, we will record the payroll and taxes into **[identify bookkeeping program]** and reconcile them to the **[monthly or quarterly]** reports. However, we will not prepare payroll tax returns or make payroll tax deposits. **[Client Name(s)]** or your third party payroll service is responsible for payroll calculations, deposits and returns. Questions and communications regarding payroll tax matters should be directed to your payroll tax service. We assume no liability for the services provided by your third party payroll service company to you.

You will provide us with information concerning the nature of receipts and disbursements sufficient for us to classify them. We will not verify or audit any of the information you provide to us and our engagement cannot be relied upon to disclose errors, illegal acts, fraudulent financial reporting, or misappropriation of assets that may have occurred. If any amount appears unusual we will call it to your attention and we will inform the appropriate level of management of any material errors and of any evidence that may come to our attention that fraud may have occurred. [Client Name(s)] understand and agree that you are responsible for preventing and detecting fraud.

This engagement does not contemplate the preparation of financial statements. Any additional accounting services requested will be outlined in a separate engagement letter and billed separately. This may include, but is not limited to, business or personal accounting write-up work, financial statement preparation or compilation, or any compliance services, including handling license or filing renewals.

**II. Bill Paying, Depositing and Similar Related Services**

If requested, and in conformity with your instructions and authorization, **[Accounting Firm]** will open checking and savings accounts in your individual name or any entity you designate, as appropriate, or use your current bank account(s). We will ask you to authorize checks to be drawn on these accounts by your representatives in our firm **[insert name or names]**. You, of course, will also have the right to draw checks on these accounts. Copies of all banking records will be sent to our office and will be provided to you **[at your request/for your approval]**.

**[Accounting Firm]** requests that you direct any persons or entities from whom you expect payments of any nature to make these payments to you in care of this office and for you to inform our office about these arrangements. Upon receipt, any monies received will be deposited directly to your account(s). We will retain copies of all checks deposited and they will be furnished to you upon request. To the extent you do not direct that payments be made to you in care of our office, we will not necessarily have any knowledge of such payments and will have no responsibility for determining whether any such payments were made other than asking you if there were any other payments. **[Accounting Firm]** has no obligation to confirm whether all of your potential income sources have been directed to us; that is your sole obligation.

**[Accounting Firm]** will draw and issue checks from these accounts for all expenditures that you authorize us to pay. Your authorization can be either written (including electronic transmission) or verbal. Recurring monthly expenditures can be approved once, with the understanding that no further approval is necessary. We have not been given, and do not accept, any discretion to determine whether any expenditure should be made on your behalf; all expenditures must be approved by you or someone designated by you. Accordingly, we do not accept any fiduciary responsibility for the services, which are purely commercial and involve the application of traditional accounting practices.

We will retain copies of your banking records for the accounts you authorize us to handle for a period of **[“seven” or other period of time consistent with applicable rule or regulation and the firm’s document retention policy]** years. As we deem appropriate, we also may prepare such journals, ledgers, reconciliations, and trial balances we judge are necessary to the services we are providing.

**[Accounting Firm]** will also, upon your request, assist you in matters such as securing mortgages, insurance coverage, car leases, and the like. We will not undertake these matters unless you specifically request that we do so and each such request shall be treated as an individual transaction and not an ongoing responsibility. In connection with these and similar matters, we may retain a third-party vendor on your behalf to accomplish these tasks. We will seek your approval to engage any third-party vendors and such approval may be in writing or verbal. By your signature below, you acknowledge that we accept no liability or responsibility for the performance of services by any third-party vendor engaged on your behalf.

**III. General Terms of Engagement**

Our fees for the above services will be based on the time expended at our standard rates (available upon request **[or set forth here]**), plus out-of-pocket expenses, and will be billed to you **[monthly]**.

All invoices are due and payable **[“upon presentation” or “within 30 days” or other appropriate time period]**. Work may be suspended if your account becomes overdue and may not resume until your account is paid in full. If we elect to terminate our services for non-payment, our engagement will be deemed to have been concluded upon our providing you written notification of termination, even if we have not completed our work. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket expenditures through the date of termination, regardless of whether the services were completed by that point. If we stop work based on your account becoming overdue, we will not be responsible for any damages, tax, interest or penalties caused by or related to the work stoppage.

**[NOTE: As a best practice, the Client(s) should be invoiced and approve all of Accounting Firm’s fees, especially if Accounting Firm draws the check to itself. If fees payable for a given period (e.g., monthly, quarterly) exceed the Client’s base fee, make sure to document the additional work justifying the fee in a communication to the client, or through a separate engagement letter, if practical. If you have any questions regarding fee arrangements, be sure to contact your Risk Management Professional.]**

It is our policy to retain engagement documentation for a period of **[“seven” or other period of time consistent with applicable rule or regulation and the firm’s document retention policy]** years, after which time we will commence the process of destroying the contents of our engagement files. Through our engagement, we may gain possession of various original records, such as bank statements, invoices, cancelled checks, etc. If you would like us to return those records to you, please so advise. We may, however, need to retain copies of such records as are necessary or prudent in accordance with our professional obligations.

We may from time to time and depending on the circumstances and nature of the services we are providing, share your confidential information with third-party service providers, some of whom may be cloud-based, but we remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality terms with all service providers to maintain the confidentiality of your information and will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure appropriate confidentiality terms with a third-party service provider, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Although we will use our best efforts to make the sharing of your information with such third parties secure from unauthorized access, no completely secure system for electronic data transfer exists. As such, by your signature below, you understand that the firm makes no warranty, expressed or implied, on the security of electronic data transfers.

In connection with this engagement, we may communicate with you or others via email transmission. As emails can be intercepted, read, disclosed, or otherwise used or communicated by an unintended third party, or may not be delivered to each of the parties to whom they are directed and only to such parties, we cannot guarantee or warrant that emails from us will be properly delivered and read only by the addressee. Therefore, we specifically disclaim any liability or responsibility whatsoever for interception or unintentional disclosure of emails transmitted by us in connection with the performance of this engagement. In that regard, you agree that we shall have no liability for any loss or damage to any person or entity resulting from the use of email transmissions, including any consequential, incidental, direct, indirect, or special damages, or disclosure or communication of confidential or proprietary information.

In the event we are requested by **[“you” or “Company”]**, or are required by government regulations, subpoena, or other legal process, to produce documents or our personnel as witnesses with respect to our engagements for **[“you” or “Company”]**, **[“you” or “Company”]** will, so long as we are not a party to the proceeding in which the information is sought, reimburse us for our professional time and expense, as well as the fees and expenses of our counsel, incurred in responding to such requests.

This engagement ends upon the cessation of our services or a formal termination of our services, whichever occurs first. Follow up communications or responses to inquiries shall not be construed as a continuation of the engagement. Any subsequent services will be considered a separate engagement and will **[use “may” if your practice does not consistently use engagement letters]** be confirmed in a separate engagement letter.

**[Some jurisdictions do not allow the shortening of the statute of limitations and others only allow it to be shortened to a specific or reasonable time. Consult your risk management professional to determine if and to what extent the following provision is appropriate for you and complies with the law in your jurisdiction.]**

**[**All claims relating to the performance of the services rendered under this agreement must be asserted within [x years] of the delivery of the work product contemplated under this engagement or they will be time-barred as a matter of law.**]**

While we do not expect there to be any problems whatsoever with our relationship, misunderstandings can occur. We believe that most disagreements can be resolved to mutual satisfaction in a friendly, non-threatening environment. Accordingly, in the event of any dispute arising out of, or relating to, this engagement, the parties will first attempt in good faith to settle the dispute through non-binding mediation administered by the American Arbitration Association under its mediation rules, before resorting to litigation or similar action.

In the event that the parties fail to settle the dispute through mediation, all parties agree that any further action arising out of or relating to this engagement shall be decided by a court of competent jurisdiction **[Consider identifying a specific court to hear the dispute if local practices permit.]** by a judge sitting without a jury. **WE BOTH ACKNOWLEDGE AND AGREE THAT WE ARE WAIVING ANY AND ALL RIGHTS WE MAY HAVE TO HAVE SUCH DISPUTE DECIDED BY A JURY [please check to see if this is permissible under local state law].**

**[If you determine, after consultation with your risk management professional, that arbitration is a more appropriate dispute resolution forum, use the following paragraphs.]**

**[**Any controversy or claim arising out of or relating to this contract, or the breach thereof, shall be settled by arbitration administered by the American Arbitration Association in accordance with its Professional Accounting and Related Services Dispute Resolution Rules and judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof.

The place of arbitration shall be **[specify appropriate location]**. The arbitration shall be governed by the laws of the State of [state]. The arbitrator(s) shall not award consequential damages in any arbitration initiated under this section. Any award in an arbitration initiated under this clause shall be limited to monetary damages and shall include no injunction or direction to any party other than the direction to pay a monetary amount. The award of the arbitrators shall be accompanied by a reasoned opinion. Except as may be required by law, neither a party nor an arbitrator may disclose the existence, content, or results of any arbitration hereunder without the prior written consent of both parties. **]**

Our liability relating to the performance of the services rendered under this letter is limited solely to the direct damages sustained by [the client]. In no event shall we be liable for the consequential, special, incidental or punitive loss, damages or expenses suffered by [the client] (including without limitation, lost profits, opportunity costs, etc.). Notwithstanding the foregoing, our maximum liability relating to the services rendered pursuant to this engagement shall be limited to the fees actually received by us for this engagement.

[The Client] hereby indemnifies its partners, principals, employees and agents, and holds them harmless, from all claims, liabilities, losses and costs arising in circumstances where there has been a knowing or reckless misrepresentation by [the Client], its management, employees or agents, regardless of whether that person was acting in a manner adverse to [the Client’s] interests.

Unless authorized herein or by other written agreement between us, the procedural and substantive law to be applied to any dispute that arises from the services provided herein, shall be that applicable to professional services provided by accountants.

If any provision of this letter is unenforceable, the remaining provisions shall be enforced to the fullest extent possible. If any provision of this letter is deemed overbroad or unreasonable by a court of law **[or arbitrator]**, such provision shall be given effect to the maximum extent possible by narrowing or removing that aspect of the provision found overbroad or unreasonable, and enforcing the remaining portions to the fullest extent permissible under the law.

After reviewing this letter, please sign in the space designated and return it to us to confirm your receipt of this letter and your understanding of the scope, terms and conditions of this engagement. If you have any questions, do not hesitate to contact us.

We look forward to working with you and enjoying a mutually beneficial relationship.

Very truly yours,

[Insert Firm Signature}

**[Accounting Firm]**

Agreed and acknowledged:

**[Client Representative]**

**[Client Name]**