

**SAMPLE ONLY - DO NOT USE WITHOUT CONSULTING YOUR ATTORNEY**

**BOOKKEEPING ENGAGEMENT LETTER**

Insert full name and Address of Client

Dear <Client Representative>:

Beginning with the month of <month and year>, we will perform certain bookkeeping functions of <Client Name> by recording all cash receipts and cash disbursements in a computer program. <Client Name> will supply a fully functional and capable computer. <Client Name> agrees to provide us the following documents on a daily basis: cash receipt reports and deposit slips, purchase orders, invoices and miscellaneous cash disbursements; and on a monthly basis: bank statements, payroll and sales tax reports.

We will record cash receipts from <Client Name>'s daily cash receipt reports and deposit slips. We will not handle any cash or checks received, nor make deposits. All daily cash receipt reports must be stamped "authorized by <Client Name>" and be accompanied by a deposit-slip or bank receipt. <Client Name> must code all receipts as to the proper account number for recording by us. We will supply monthly internal cash receipt reports upon request.

<Client Name> will open a **P.O.** Box for all correspondence (invoices, bills, bank statements, etc.) to be sent. We will have access to and will open all mail that is received in this box. <Client Name> will set up a complete system of checks and balances for the approval and payment of invoices. All packing or receiving slips will be stamped and initialed by an authorized employee verifying that the amounts received are accurate. All invoices must be accompanied by a purchase order or check authorization.

We will record all bills that <Client Name> or its representative has authorized and presented to us. We will not be responsible for the signing of checks nor the authorization for electronic funds transmissions. We will prepare a Cash Disbursements Report from the outstanding bills. **<Describe additional services if any>**.

Each month we will reconcile <Client Name>'s checking account with the bank statement for proper account balance and to identify any errors. We will make correcting entries and identify adjustments.

We will prepare the quarterly sales tax returns from <Client Name>'s cash receipt reports. The actual transmittal of sales tax payments need to be made monthly and quarterly and are your responsibility.

This engagement includes payroll processing, completion of employee tax forms and [describe other services]. We will [or will not] include a portal accessible by employees. OR This engagement does not include payroll processing. We are not responsible for and incur no liability arising out of improper issuance of payroll by you or a third party.

On a periodic basis, as needed, and at least four times each year, we will meet with you to discuss your accounting records and cash controls. These meetings are important to the financial well-being of your company and should be held at least quarterly.

It is our policy to keep work papers related to this engagement for **<describe documentation retention policy, i.e every 5 years>**.

Our fees for this monthly bookkeeping service will be \$<amount> per month plus out-of-pocket expenses.

We will require a retainer of \$<amount> prior to starting work which will cover fees for the initial start-up and transfer of your records to our office.

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This engagement does not include any personal accounting for <Client Name>. Any additional accounting services requested will be outlined in a separate engagement letter and billed separately.

We will not review the payment of any invoices or bills beyond the normal authorization stamp produced by your office. If an amount appears unusual or out of the ordinary we will call it to your attention, but we do not take any responsibility for the discovery of any errors, irregularities, or fraud.

We assume no managerial capacity for you through this engagement. For example, we do not act as your director, financial officer, or controller and we incur no responsibility or liability for managerial decisions.

Our fees will be based upon the amount of time required at our standard billing rates plus out-of-pocket expenses. Bookkeeping hourly rates vary from \$<amount> to \$<amount> per hour. Tax, financial, and consulting hourly rates vary from \$<amount> to \$<amount> per hour depending on the individual providing the services. All invoices are due and payable upon presentation. We will bill monthly and billings become delinquent if not paid within 60 days of the invoice date. If billings are past due in excess of <number> days, we will stop all work until your account is brought current, or withdraw from this engagement. <Client> acknowledges and agrees that we are not required to continue work in the event of <client's> failure to pay on a timely basis for services rendered as required by this engagement letter. <Client> further acknowledges and agrees that in the event we stop work or withdraw from this engagement as a result of <client's> failure to pay on a timely basis for services rendered as required by this engagement letter, we shall not be liable to <client> for any damages that occur as a result of our ceasing to render services.

If the foregoing is in accordance with your understanding, please sign the copy of this letter in the space provided and return it to me. Thank you for this opportunity to serve you.

Very truly yours,

\_\_\_\_\_  
<Accountant Name>  
<Firm Name>

APPROVED:

\_\_\_\_\_  
<Client Name>  
<Client Representative>

\_\_\_\_\_  
Date

*The Travelers Accountants Professional Liability Engagement Letter Matrix and associated materials were prepared with substantial assistance and contribution from the law firms of Litchfield Cavo, LLP and Carlock Copeland.*

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