

**[Auditor Firm Name]**

[Auditor Firm Address Line 1]

[Auditor Firm Address Line 2]

[City, State, Zip Code]

To:

**[Client Name]**

[Client Address Line 1]

[Client Address Line 2]

[City, State, Zip Code]

Date: [Insert Date]

# Engagement Letter for Internal Audit

Dear [Recipient Name],

This letter confirms our understanding and agreement regarding the terms and objectives of our engagement to conduct an internal audit of [Client Name] for the period ending [Audit Period/Year].

## Scope of Work

We will perform an internal audit of your organization in accordance with the International Standards for the Professional Practice of Internal Auditing. The scope of the internal audit will include, but is not limited to:

- Evaluation of internal controls and risk management processes
- Review and assessment of compliance with relevant policies and regulations
- Examination of financial and operational processes
- Identification of control weaknesses and areas for improvement

## Objectives

The primary objectives are to provide independent assurance that your organization's risk management, governance, and internal control processes are operating effectively and to recommend enhancements where necessary.

## Management's Responsibilities

The responsibility for the prevention and detection of fraud, error, and noncompliance rests with the management of [Client Name]. Management is expected to provide unrestricted access to all relevant information, documentation, and personnel.

## Auditor's Responsibilities

Our responsibility is to express an opinion on the effectiveness of internal controls and provide

recommendations for improvement based on our findings.

## **Confidentiality**

We will maintain strict confidentiality with respect to all information obtained during the course of our engagement and will not disclose such information to third parties, except as required by law or with your consent.

## **Fees and Billing**

Our professional fees for the engagement will be based on the estimated hours required and our standard hourly rates. Any out-of-pocket expenses incurred will be billed separately.

## **Agreement**

Please sign and return a copy of this letter to indicate your acceptance of the above terms and to formally authorize us to commence the internal audit.

**For [Auditor Firm Name]**

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[Authorized Signatory Name]

[Designation]

**For [Client Name]**

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[Authorized Signatory Name]

[Designation]

## **Important Notes:**

- The engagement letter defines the responsibilities and expectations of both auditor and client.
- It is essential for mitigating future disputes or misunderstandings.
- Scope, objectives, and deliverables should be clear and agreed upon in writing.
- Both parties must sign the engagement letter before the audit begins.
- The document should be retained and referred to throughout the engagement.