

Engagement Letter for Limited Scope Audit

Date: June 24, 2024

To: ABC Company, Inc.
123 Main Street
Hometown, State, ZIP

Attention: John Doe, Chief Financial Officer

Subject: Engagement Letter for Limited Scope Audit

Dear Mr. Doe,

We are pleased to confirm our understanding of the services we are to provide for ABC Company, Inc. (the Company). This letter sets out the objectives, scope, and terms of our limited scope audit engagement and the nature of the services we will provide.

1. Objective and Scope

Our engagement will be to perform a limited scope audit of the financial statements of ABC Company, Inc. for the year ended December 31, 2023. The audit will be limited to the procedures necessary to comply with your lender's requirements regarding cash, accounts receivable, and inventory balances as of the year-end date.

We will not extend our audit procedures to other accounts or disclosures unless specifically requested in writing by the Company.

2. Responsibilities

Our responsibilities:

- To perform the audit in accordance with applicable auditing standards for a limited scope audit.
- To issue a report of our findings limited to the stated scope.

Your responsibilities:

- To provide us with access to all information and records relevant to the audit scope.
- To prepare the financial statements and make staff and records available for our examination.

3. Limitations of the Engagement

A limited scope audit does not include procedures to obtain assurance about accounts or disclosures beyond those specifically listed. Because of the limited nature of our engagement, we will not be expressing an opinion on the complete financial statements.

4. Fees and Billing

Our fee for the limited scope audit will be based on hours expended at our standard rates, plus reasonable out-of-pocket expenses.

5. Confirmation of Terms

This letter sets forth the entire understanding between us with respect to the subject matter hereof. Please confirm your agreement to the terms by signing and returning a copy of this letter.

Jane Smith, CPA

Smith & Associates, LLP

Agreed and accepted by:

John Doe

Chief Financial Officer, ABC Company, Inc.

Date: _____

Important Notes:

- A limited scope audit is restricted to specific accounts or areas, and does not provide assurance on entire financial statements.
- The auditor's report will be limited and will not include an opinion on the company's full financial position.
- It is the responsibility of management to provide complete and accurate information for the areas under review.
- Use of the report may be restricted to specific users, such as a lender or regulatory agency.
- Any expansion of audit scope should be agreed upon in writing prior to work commencing.