

Standard Audit Engagement Letter

Date: [Insert Date]

Place: [Insert Place]

To:

The Board of Directors
[Company Name]
[Company Address]

Dear Sirs/Madams,

Subject: Audit Engagement Letter for the Financial Year Ended [Date]

We are pleased to confirm our acceptance and understanding of the engagement to audit the financial statements of **[Company Name]** for the year ending [Date]. This letter sets forth our understanding of the terms and objectives of our engagement and the nature and extent of the services we will provide.

Scope of Audit

We will conduct our audit in accordance with generally accepted auditing standards. The objective of our audit is the expression of an opinion on the financial statements, which comprise the balance sheet as at [Date], and the related statements of income, retained earnings, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibilities

Management is responsible for the preparation and fair presentation of the financial statements in accordance with applicable financial reporting framework, for maintaining adequate accounting records and internal controls, and for providing us with:

- Access to all relevant information and documents;
- Unrestricted access to staff within the company;
- Written representations as required by auditing standards.

Auditor's Responsibilities

We will plan and perform our audit to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error. However, because of the inherent limitations of an audit, there is an unavoidable risk that some material misstatements may not be detected.

Fees and Billing

Our fees for this engagement will be based on the time required by the individuals assigned to the engagement and the level of skill and responsibility involved. Out-of-pocket expenses incurred will be charged separately.

Agreement

Please confirm your agreement with the terms of this engagement by signing and returning a copy of this letter.

Yours faithfully,

[Audit Firm Name]

[Name of Partner/Authorized Signatory]

Agreed and Accepted by:

[Name of Client's Representative]

[Title/Position]

[Date]

Important Notes

- The engagement letter clearly defines the responsibilities of both the auditor and the client.
- It is a legally binding agreement and should be reviewed carefully before signing.
- The scope, objectives, and limitations of the audit are explicitly stated in the letter.
- Any changes in the agreed terms should be documented through an updated engagement letter.
- Properly executed engagement letters help avoid misunderstandings and disputes between the parties.