

Engagement Letter Overview for Statutory Audit

1. Introduction

This engagement letter serves as an overview of the agreement between the auditor and the client company regarding the statutory audit for the financial year ending [Insert Date].

2. Objective of the Audit

The statutory audit aims to provide an independent opinion on whether the financial statements of the company give a true and fair view in accordance with the applicable financial reporting framework and regulatory requirements.

3. Auditor's Responsibilities

- Plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
- Obtain sufficient appropriate audit evidence through inspection, observation, inquiry, and confirmation procedures.
- Communicate audit findings, significant internal control matters, and any identified irregularities to management and those charged with governance.

4. Management's Responsibilities

- Prepare financial statements in accordance with applicable financial reporting standards and legal requirements.
- Maintain proper accounting records and provide access to all information relevant to the preparation of the financial statements.
- Safeguard the entity's assets and prevent and detect fraud and other irregularities.

5. Reporting

On completion of the audit, a report expressing the auditor's opinion on the financial statements will be provided in accordance with statutory requirements.

6. Fees and Billing

The audit fees are based on the expected time to be devoted to the engagement and the level of skill and responsibility involved. Out-of-pocket expenses will be billed as incurred.

Important Notes

- An engagement letter protects both the auditor and the client by defining the scope and terms of the audit.
- The letter helps prevent misunderstandings regarding the roles and responsibilities of both parties.
- Engagement letters are a legal requirement for statutory audits in many jurisdictions.
- It is important that both parties agree to and sign the engagement letter before the audit commences.

- This document does not constitute audit evidence and is not a substitute for the audit opinion.