FigsFlow

Sample Bookkeeping Engagement Letter

This letter sets the terms under which the Firm will provide bookkeeping services to the Client. It takes effect once both parties sign.

FIRM
[Firm Legal Name]

CLIENT
[Client Legal Business Name]

EFFECTIVE DATE
[MM/DD/YYYY]

GOVERNING STATE
[State]

Dear [Client Name],

Thank you for choosing [Firm Legal Name] (the "Firm") to provide bookkeeping services to [Client Legal Business Name] (the "Client"). This letter confirms our understanding of the terms and objectives of the engagement and the nature of the services we will provide.

1 SCOPE OF SERVICES

The Firm will provide the following bookkeeping services on a monthly basis.

- Recording and categorizing transactions for up to [two] bank accounts and [one] credit card account
- Monthly reconciliation of those accounts
- Maintaining accounts payable and accounts receivable records
- Preparing and delivering monthly bookkeeping reports generated from the accounting system for management use only, which may include a balance sheet, profit and loss statement, and general ledger
- Year-end handoff of bookkeeping records to the Client's designated tax preparer or other professional

These reports do not constitute an audit, review, compilation, or financial statement preparation engagement under professional standards, and the Firm expresses no opinion or assurance on them, unless separately agreed in writing. Services are limited to those listed above. Any change in scope or addition of services will be confirmed in writing through an amendment or a new engagement letter before the Firm performs the work.

The Firm is not engaged to detect fraud, theft, embezzlement, illegal acts, errors, or weaknesses in internal control. If the Firm becomes aware of information that appears unusual or inconsistent while performing the services, the Firm may bring it to the Client's attention, but the Firm is not undertaking a duty to investigate such matters unless separately agreed in writing.

2 SERVICES NOT INCLUDED

This engagement does not include the following services. Each is available only under a separate written agreement.

- Preparation or filing of federal, state, or local tax returns
- Preparation or filing of Forms 1099
- Sales tax return preparation or filing, and sales tax nexus analysis
- Payroll processing or payroll tax filing
- Audit, review, compilation, examination, agreed-upon procedures, or other attestation services
- Representation before the IRS or any taxing authority
- Legal, investment, or business advisory services
- Catch-up or cleanup bookkeeping for periods before the effective date

3 CLIENT RESPONSIBILITIES AND MANAGEMENT OVERSIGHT

These are nonattest services. The Client agrees to designate an individual with suitable skill, knowledge, and experience to oversee the services, evaluate the adequacy and results of the services, accept responsibility for the results, and make all management decisions. The Client also agrees to the following.

- Provide complete and accurate source documents by the [fifth] business day of each month
- Supply bank statements, receipts, invoices, and system access as needed
- Respond to the Firm's questions promptly
- Review the bookkeeping reports the Firm delivers
- Retain responsibility for all management decisions and for the accuracy and completeness of information provided to the Firm

4 FEES AND PAYMENT TERMS

The Firm's fee for the services in Section 1 is **$[amount] per month**, due on the [first] day of each month. Work requested outside that scope will be quoted in advance and billed at **$[rate] per hour**. Invoices unpaid after [30] days may result in suspension of active work until the balance is settled.

5 PAYMENT AUTHORITY

The Firm will not initiate transfers, approve or schedule payments, sign checks, submit payroll, file tax returns, or make tax payments unless separately authorized in writing. Any such authority, if granted, will be documented in a separate written agreement.

6 TIMELINE AND DELIVERABLES

The Firm will deliver the monthly bookkeeping reports by the [tenth] business day of the following month, provided the Client has supplied all source documents on time. If documents arrive late, the delivery date moves accordingly.

7 CONFIDENTIALITY AND DATA SECURITY

The Firm will keep the Client's financial information confidential and will not disclose it except as required to perform the services or as required by law. To the extent applicable, and consistent with applicable privacy and data-security obligations, including the FTC Safeguards Rule where applicable, the Firm maintains administrative, technical, and physical safeguards designed to protect customer information.

- Documents and reports are exchanged through a secure client portal rather than unsecured email
- Access to systems is protected by multifactor authentication
- Work is performed in [QuickBooks Online / named cloud accounting platform]
- Third-party service providers used by the Firm are expected to maintain comparable safeguards
- The Client is responsible for maintaining the security of its own login credentials

The Client should not send sensitive documents by unsecured email. If the Client chooses to do so, the Client accepts the risk of that method.

If the Firm becomes aware of a security incident involving Client information in the Firm's possession, the Firm will respond in accordance with applicable law, professional obligations, and the Firm's information-security policies.

8 OWNERSHIP AND RETURN OF RECORDS

The Client's original records remain the property of the Client and will be returned on request. Working papers the Firm prepares remain the property of the Firm. On termination, the Firm will provide the Client with the financial records needed to continue its bookkeeping. The Firm will retain its working papers for [seven] years, after which they may be destroyed in accordance with the Firm's record retention policy.

9 TERMINATION

Either party may terminate this engagement with [30] days written notice. Fees for services performed through the termination date remain due and payable.

10 LIMITATION OF LIABILITY

The services under this engagement do not constitute an audit, review, or compilation, and the Firm expresses no opinion or assurance on the Client's financial statements. The Client is responsible for the accuracy and completeness of all information provided. To the fullest extent permitted by applicable law, the Firm's total liability for any claim arising from this engagement will not exceed the total fees the Client paid to the

Firm under this engagement during the 12 months preceding the claim. The Firm is not liable for errors resulting from incomplete or inaccurate information supplied by the Client.

> **ATTORNEY REVIEW REQUIRED**
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> The enforceability of a liability cap depends on the state and on the facts of the engagement. This clause must be reviewed by a licensed attorney in the governing state before the letter is used with any client.

11 GOVERNING LAW AND DISPUTE RESOLUTION

This letter will be governed by the laws of the State of [State], without regard to conflict-of-law principles. Before either party files a legal action, the parties agree to make a good-faith effort to resolve the dispute informally, unless immediate action is required to preserve rights or meet a legal deadline. Any arbitration, venue, or jury-waiver provision should be added only on the advice of a licensed attorney in that state.

12 ENTIRE AGREEMENT

This letter is the entire agreement between the parties for the services described and supersedes any prior discussions. It may be amended only in writing signed by both parties. If any provision is found unenforceable, the remaining provisions stay in effect.

ACCEPTANCE AND SIGNATURES

FOR THE FIRM

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SIGNATURE

____

NAME AND TITLE

____

DATE

FOR THE CLIENT

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SIGNATURE

____

NAME AND TITLE

____

DATE

Electronic signature. The parties agree that this letter may be signed electronically. An electronic signature carries the same legal effect as a handwritten one under the federal Electronic Signatures in Global and National Commerce Act (15 U.S.C. §7001) and the Uniform Electronic Transactions Act as adopted in [State].