%EngagementDate%

%Addressee%

%Position%

%Salutation%

Your group requested for the audit of the financial statements of **%CoName%** (the Company)as of December 31, 2019 and for the year ended December 31, 2019. We are pleased to confirm our acceptance and understanding of this engagement through this letter. The audit will be made with the objective of expressing an opinion on the said financial statements.

The audit will be conducted in accordance with the Philippine Standards on Auditing. Those Standards require that we plan and perform the audit and to obtain reasonable assurance that the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements presentations.

Because of the test nature and other inherent limitations of an audit, together with the inherent limitations of any accounting and internal control system, there is an unavoidable risk that even some material misstatements or irregularities may remain undiscovered. However, we will consider the Company’s systems of internal controls for the purpose of determining the nature and timing of our audit procedures and the extent of my tests of recorded transactions. Any irregularities which may come to our attention will, of course, be promptly reported to you.

In addition to the report on the financial statements, we will provide you with a separate letter concerning any material weaknesses in accounting and internal control systems which come to my knowledge

As a basic component of my practice, we will not disclose any confidential information obtained in the course of my professional engagement. However, we may be required by a regulatory authority or body from any relevant jurisdiction to provide information. The Company, hereby, expressly allows us to cooperate fully and provide the requirements of such regulatory authority or body. We will inform the Company about such requirements for the purpose of making the management aware of the actions being taken by such regulatory authority or body before providing the required information.

Please be reminded that the responsibility for the preparation of financial statements including adequate disclosure is that of the management of the Company. These include the maintenance of adequate accounting records and internal controls, the selection and application of accounting policies, and the safeguarding of assets of the Company. As part of my audit process, we are going to request from management written confirmation concerning representations made to us in connection with the audit.

The Company shall be responsible for keeping its books updated and shall help expedite the audit work by providing clerical assistance, if necessary, and by promptly and efficiently preparing any schedules and analyses, which may be required during the audit. We would also request that a suitable work area be provided to me during my fieldwork.

Upon completion of the audit, we will submit the following reports to the Company:

* An auditor’s report containing our opinion on the Company’s December 31, 2019 financial statements
* A management letter detailing my findings, comments and recommendations for improving the Company’s internal accounting controls and financial and administrative management procedures; and compliance with requirements of government regulatory agencies such as the BIR and SEC.

We look forward to full cooperation with your group and trust that they will make available to us whatever records, documentations and other information are requested in connection with my audit.

In consideration for my professional services, I respectfully submit my proposed billings (tax inclusive) as follows:

|  |  |
| --- | --- |
| 1. Upon signing of the engagement | %DPAmount% |
| 2. Upon submission of my audit report | %Balance% |
| 3. Total | %AuditFee% |

Moreover, out-of-pocket expenses which usually consist of transportation, mailing, report reproduction cost, telephone and fax charges will be billed separately.

This engagement will terminate when the services have been provided. However, either party may terminate the engagement upon fourteen (14) days prior written notice to the other party. Upon termination for any reason, the parties shall return each other’s confidential information, except that I may retain a set of my working papers even if they contain confidential information of the client.

Should you agree with this proposal, we anticipate that the Company will provide full support and cooperation.

If the above terms meet your approval, we will appreciate your signing one copy of this letter and returning the same to us.

Thank you for giving us the opportunity to be of service to you.

%AuditorName% Conforme: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Audit Practitioner Signature over printed name