

[Your firm name and logo]

[Firm name]

[Firm address]

[Date]

[Engaging party legal name]

Attention: [Contact name, title]

[Address]

Re: Agreed-upon procedures on [subject matter] for [period]

Dear [Contact name],

Nature of the engagement

This letter confirms that [Firm name] will perform the procedures listed in Exhibit A on [subject matter, e.g., reported gross sales for royalty purposes for the year ended (date)]. [Responsible party name] is responsible for that subject matter. We will perform the work under the attestation standards established by the American Institute of Certified Public Accountants. This is an agreed-upon procedures engagement; it is neither an examination nor a review.

Intended purpose and users

The procedures are intended to assist [engaging party, and other named parties such as the franchisor or grantor] in [purpose, e.g., evaluating whether royalties were computed on all reported sales]. [Other party names] will also be asked to agree to the procedures and to acknowledge that they are appropriate for their purposes.

No opinion or conclusion

We will not express an opinion or a conclusion on [subject matter]. Had we performed additional procedures, other matters might have come to our attention that we would have reported to you.

Your acknowledgment of the procedures

Procedures may be added or changed as the engagement proceeds, by written agreement. Before we issue our report, you will give us a written agreement to the final procedures and an acknowledgment that they are appropriate for the intended purpose. If you do not provide it, we will withdraw from the engagement.

Responsibilities of the responsible party (optional)

[Responsible party name] is responsible for [subject matter] and for the records that support it. It will give us access to those records and to its staff, and we may ask it for written representations.

Our responsibilities

We will perform the procedures in Exhibit A and report every finding in factual terms. We are not responsible for whether the procedures are sufficient for your purposes. We are independent of [responsible party name] and will remain so throughout the engagement.

Exhibit A: procedures, source documents and thresholds

For each procedure, Exhibit A states the source document, the sample size or the full population, and the threshold above which a difference is reported. Example line: "Select [number] invoices at random from the [month] sales journal; agree each to the signed invoice and the bank deposit; report any difference greater than \$[amount]." Terms such as "review" or "check" are used only where the procedure defines them.

Records and due dates

You will deliver the records in Exhibit B, including [sales journal, bank statements, invoices, payroll registers, signed contracts], by [date]. Fieldwork runs from [start date] to [end date]. If a record is missing or a procedure cannot be performed as written, we will describe the restriction in our report or withdraw.

Specialists (optional)

With your agreement, [specialist name or firm] will assist us with [procedure numbers]. Our report will describe the nature of that assistance. The procedures in our report will be performed by our engagement team, which may include participating practitioners, not by your internal auditors.

Representation letter

At the end of the engagement, you will sign a representation letter. Where other parties were asked to agree to the procedures, it will confirm that you obtained their agreement and acknowledgment.

Our report and its use

Our report will list each procedure and its findings, and any threshold you set for reporting differences. [The report will include an alert restricting its use to (named parties). / The report will be available for general use.]

Fees

Our fee for the procedures in Exhibit A is [fixed amount / hourly at (rates)]. Added or changed procedures are billed at [rates]. Invoices are due within [number] days of receipt. If we withdraw because the procedures are restricted or the acknowledgment is refused, you will pay for the work done to that date.

Working papers and disputes

Our working papers are the property of [Firm name] and will be kept for [retention period]. Peer reviewers and regulators may access them under professional standards. Any dispute about our services will first go to non-binding mediation in [city, state]. This letter is governed by the laws of [state].

Signing

Please sign below to agree to these terms and to the procedures in Exhibit A as they stand today. Where [responsible party name] is a different party, its officer signs as well.

Sincerely,

[Firm name]

[Partner name], CPA

Signature: _____ Date: _____

Agreed on behalf of [Engaging party legal name]: [Name, title] Signature: _____ Date: _____

Agreed on behalf of [Responsible party legal name]: [Name, title] Signature: _____ Date: _____
