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# Communicating understandings in litigation services : engagement letters; Consulting services practice aid, 95-2

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American Institute of Certified Public Accountants. Litigation Services Subcommittee

American Institute of Certified Public Accountants. Management Consulting Services Division

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**AICPA**

**CONSULTING SERVICES  
PRACTICE AID 95-2**

*Technical Consulting*

***Communicating  
Understandings in  
Litigation Services:  
Engagement Letters***

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**AMERICAN**

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**INSTITUTE OF**

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*Management Consulting Services Division*

## NOTICE TO READERS

This practice aid is designed as educational and reference material for Institute members and others who provide consulting services as defined in the Statement on Standards for Consulting Services (SSCS) issued by the AICPA. It does not establish standards or preferred practices. Other approaches, methodologies, procedures, and presentations may be appropriate because of the widely varying nature of management consulting services as well as specific or unique facts about the client and engagement.

Various members of the 1993-1994 AICPA Litigation Services Subcommittee provided information for this special report and advised the authors and staff. The subcommittee members are listed below.

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## **PREFACE**

This practice aid is one in a series intended to assist practitioners in applying their knowledge of organizational functions and technical disciplines in the course of providing consulting services. Although these practice aids often deal with aspects of consulting services knowledge in the context of a consulting engagement, they are also intended to be useful to practitioners who provide advice on the same subjects in the form of a consultation. Consulting services engagements and consultations are defined in the Statement on Standard for Consulting Services (SSCS), *Consulting Services: Definitions and Standards*, issued by the AICPA.

This series of technical consulting practice aid should be particularly helpful to practitioners who use the expertise of others while remaining responsible for the work performed. It may also prove useful to members in industry and government in providing advice and assistance to management.

Technical consulting practice aids do not purport to include everything a practitioner needs to know or do to undertake a specific type of service. Furthermore, engagement circumstances differ and therefore the practitioner's professional judgment may cause him or her to conclude that an approach described in a particular practice aid is inappropriate.

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the experience and body of knowledge special to CPAs. Performance of such services requires consideration of Rule 201. The AICPA classifies litigation services as transaction services in Statement on Standards for Consulting Services (SSCS) No. 1.<sup>2</sup> In addition, limited exemptions are provided for litigation services in interpretations of the Statements on Standards for Attestation Engagements (SSAEs)<sup>3</sup> and in the Statements on Standards for Accounting and Review Services (SSARS).<sup>4</sup> Although there is no other authoritative literature than these, several nonauthoritative publications are available. In addition to Consulting Services Practice Aid 93-4, other nonauthoritative AICPA publications on the subject include:

- Consulting Services Special Report 93-1, *Application of AICPA Professional Standards in the Performance of Litigation Services* (New York, N.Y.: AICPA, 1993)
- Consulting Services Special Report 93-2, *Conflicts of Interest in Litigation Services Engagements* (New York, N.Y.: AICPA, 1993)

### 73/110 THE PURPOSE OF ENGAGEMENT LETTERS

**.01** CPAs commonly use engagement letters to establish a clear understanding of the services to be performed and to define the responsibilities of the CPA and the client.

**.02** The use of engagement letters by the CPA is based on the premise, as noted in *Professional Standards*, that the CPA should reach an understanding with the client concerning the engagement and communicate this understanding orally or in writing. Various references to reaching such an understanding appear throughout *Professional Standards* and other professional literature. Appendix 73/A provides a list of some of those references. The AICPA Code of Professional Conduct does not require engagement letters.

**.03** Over the years, engagement letters have evolved to include statements about the limitations of the services provided, particularly in the case of audit, attestation, and accounting and review services. The engagement letter has also been used to establish an understanding of the fees and billing arrangements.

**.04** The possibility that the CPA may be liable for negligence to nonclients or third parties claiming to have used and relied on the CPA's work is of concern to the profession. With the increase of lawsuits against CPAs has come a greater awareness of the need to use the engagement letter to limit a client's expectations of the product of the CPA's services. The content of engagement letters continues to evolve toward that end.

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<sup>2</sup> SSCS No. 1, *Consulting Services: Definitions and Standards* (AICPA, *Professional Standards*, vol. 2, CS sec. 100.05(d)).

<sup>3</sup> Attestation Standards Interpretation No. 3 (AICPA, *Professional Standards*, vol. 1, AT sec. 100.47-.52).

<sup>4</sup> SSARS Interpretation No. 20, "Applicability of Statements on Standards for Accounting and Review Services to Litigation Services" (AICPA, *Professional Standards*, vol. 2, AR sec. I100.76-.79).

**73/115 ENGAGEMENT LETTERS IN LITIGATION SERVICES**

**.01** SSCS No. 1 offers the following guidance on communicating with the client. "Establish with the client a written or oral understanding about the responsibilities of the parties and the nature, scope, and limitations of services to be performed, and modify the understanding if circumstances require a significant change during the engagement" (AICPA, *Professional Standards*, vol. 2, CS sec. 100.06). Although a written understanding is not required, the CPA can avoid potential problems by documenting the understanding in an engagement letter.

**.02** Engagement letters are recommended for CPAs providing litigation services. Many CPAs who commonly deliver these services regularly use such letters. These letters resemble traditional engagement letters in establishing the nature of the services provided and the responsibilities assumed, but they place additional emphasis on other aspects of the engagement. These letters also differ in that they present certain inherent problems in describing the services and limitations of services to be provided. These problems are addressed in this practice aid.

**.03** The days of the CPA's immunity to liability risk have passed. In light of recent court decisions against CPAs, coupled with frequent suits against CPAs by their clients, the professional liability risk of CPAs in litigation services engagements appears to have increased significantly. There is the risk of malpractice claims by the attorney and the attorney's client if they believe that the CPA's services did not conform to their expectations. A malpractice claim, whether justified or not, is largely based on the client's perception. The engagement letter can encourage realistic client expectations by clearly articulating the CPA's role and responsibilities. However, because the CPA's services frequently change as the engagement progresses, the attorney may desire to restrict description of the CPA's litigation services in the letter. The CPA and attorney should discuss this issue.

**.04** The professional literature has few references to engagement letters for litigation services provided by CPAs. Consulting Services Practice Aid 93-4, *Providing Litigation Services*, briefly discusses the nature of engagement letters and provides two examples, which are reproduced in appendix 73/C as exhibits 73C-1 and 73C-2.

**The Discoverability Dilemma**

**.05** The litigation discovery process presents varying problems for the CPA who wishes to describe the services to be performed in a litigation services engagement letter. The extent of the problem depends on whether the practitioner provides services as a consultant, expert witness, or both. The matter of discoverability is further affected by more recent changes to Rule 26 of the Federal Rules of Civil Procedures. Although federal jurisdictions may differ on the application of Rule 26, the CPA should consider how it may affect the engagement letter.

**.06** When the CPA provides litigation services to the attorney in the role of a consultant, discovery by opposing counsel is a lesser problem. In this instance, the CPA's engagement letter and work are usually protected by the attorney work-product privilege. However, in rare circumstances, the judge may determine that discovery of a consultant's work is necessary in order for the opposing litigant to present its case. The engagement letter and work may be

discoverable even if the CPA's role is restricted to consulting. If the CPA acts as an expert witness, the CPA's writings, such as engagement letters, schedules, and correspondence, are subject to discovery rules.

**.07** Frequently, it is not clear at the outset how the litigation process will proceed and what services the CPA will ultimately provide. Sometimes, the CPA initially serves the attorney as consultant and later is asked to provide expert witness testimony. In those situations, the engagement letter for the consulting work may also be discoverable. Therefore, the CPA and attorney should keep this issue in mind during their initial conversations concerning a case to be litigated.

**.08** For services other than litigation services, CPAs normally include in their engagement letters specific information regarding the services to be performed, limitations on the use of the results of those services, and the responsibilities of the parties. However, engagement letters for litigation services that explicitly describe similar information can be used by opposing counsel to challenge the CPA's work product and conclusions.

**.09** Engagement letters that provide specific definition of the engagement's purpose and procedures or tasks present a further dilemma in the discovery process. Such an approach may provide opposing counsel with a road map to the client's litigation strategy. Even though the CPA may not complete or even begin all the tasks defined in the engagement letter, the opposing counsel may be able to use any of the discoveries to challenge the CPA's credibility, opinions, and testimony as an expert witness.

**.10** To avoid this problem, many CPAs necessarily restrict their definition of services to broad statements. An example of such a statement is "You have requested that we assist you with analysis and consultation with regard to the XYZ litigation matter as you may direct." Additional examples of such broad language can be found in the sample engagement letters included in appendix 73/C.

**.11** Written communications between attorney and expert are often discoverable. Consequently, the addressee of the engagement letter deserves special consideration.

**.12** Most consulting engagements present no problem for the CPA in deciding who should be the addressee-client of the engagement letter. Litigation services engagements, however, may present a problem. The CPA may deem both the attorney and the litigant as the client. The attorney, however, may choose to see the client relationship differently. Some attorneys believe that even though the CPA will assist and work directly with the attorney, the CPA's client for the engagement is the attorney's client, the plaintiff or defendant. The CPA should discuss the question of the addressee with the attorney.

**.13** The CPA's work product is usually not protected by attorney work-product privilege if he or she is engaged by the attorney's client. Many attorneys are the addressee of the CPA's engagement letter because they wish to protect as much as possible any privilege extending to the CPA's workpapers and the CPA's discussions with the attorney or attorney's client. Nevertheless, all written material and discussions among the attorney, the attorney's client, and

the CPA will probably be discoverable once the CPA has been identified as an expert witness in the litigation.

**.14** Exhibit 73C-3 provides an example of a letter addressed to both the attorney and the attorney's client. Exhibit 73C-10 provides an example of a letter addressed to the attorney's client.

**.15** Some attorneys prefer to prepare engagement letters for CPAs' agreement and endorsement because the attorneys want to control the arrangements and use of experts. Letters in which the CPA is the addressee of the attorney's letter have a different form and approach from letters from the CPA to the attorney. Nevertheless, the CPA should make sure that the attorney's letter to the CPA includes all of the clauses important to the CPA. Exhibit 73C-11 provides an example of an attorney's engagement letter in which the CPA is addressee.

### **Content of Litigation Services Engagement Letters**

**.16** The nature of litigation services and the involvement of the CPA as consultant and possible expert witness require consideration of special issues in the CPA's engagement letter. Some of these issues are unique to the litigation process and can be categorized as (a) services and professional issues and (b) administrative and fee issues.

**.17** *Services and professional issues.*

- Addressed to the attorney or the attorney's client, or both
- Identification of the attorney's client or the client's attorney
- Identification of the litigation (that is, name of litigants, name of court, and docket number)
- Description of the nature of the litigation services, however brief
- Definition of the services to be provided
- Reference to a written report
- Identification of the expert witness
- Conflicts of interest
- The attorney's work-product privilege
- Restrictions of the use or exposure of the CPA's work to the case at hand
- Other work (past or present) for the client or the opposing party or attorney

- The CPA's right to withdraw from and terminate the engagement
  - Provision that the CPA be held harmless from liability
- .18** *Administrative and fee issues.*
- Identification of the CPA firm's staff members
  - Fee estimates
  - Provision that hourly rates for fees are subject to change
  - Payment of fees prior to issuance of a report or provision of deposition and trial testimony
  - Description of fee and billing arrangements
  - Disputes about fees and services, including related arbitration
  - Provision for retainer
  - Proscription of fee contingent on litigation results<sup>5</sup>
  - Disposition of workpapers and files at engagement's completion or termination
  - Signature indicating acceptance by the attorney, the attorney's client, or both

**.19** A reminder list covering the above issues is provided in appendix 73/B to assist practitioners in developing engagement letters. Appendix 73/C provides twelve illustrative engagement letters, one of which is a sample letter for an engagement in which the CPA is an arbitrator. These letters contain clauses that address these issues. Not all of the sample letters include all of the special clauses described hereafter. However, each special clause is illustrated in one or more of the sample letters.

### **Special Clauses in Litigation Services Engagement Letters**

**.20** *Conflicts of interest.* Some CPAs think it necessary to inform the client in writing that they have determined there are no conflicts of interest that would prevent them from acting as a consultant and expert witness for the attorney and the attorney's client.<sup>6</sup> A statement to this effect might read as follows:

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<sup>5</sup> Refer to AICPA, *Professional Standards*, vol. 2, ET sec. 302, "Contingent Fees" to determine the propriety of such fee arrangements under the AICPA Code of Professional Conduct.

<sup>6</sup> A more detailed discussion of conflicts of interest in litigation services engagements is provided in Consulting Services Special Report 93-2, *Conflicts of Interest in Litigation Services Engagements* (New York: AICPA, 1993). In addition, AICPA, *Professional Standards*, vol. 2, ET sec. 102, "Interpretations under Rule 102," .03, 102-2 "Conflicts of Interest" describes a CPA's responsibilities in determining whether a conflict exists under the AICPA Code of Professional Conduct.

We performed an internal search for potential conflicts of interest based on the names of the parties you provided. We have not found any conflicts of interest with respect to any of these parties. We are engaged by new clients every day and therefore cannot assure that, following our employment, an engagement for the plaintiffs or defendants will not be accepted somewhere else in our firm. To minimize the chance of a conflict of interest with the other side, we suggest that you disclose to them our retention as soon as possible but in a manner consistent with your case strategy. Should any potential conflict come to our attention, we will advise you immediately.

**.21** Any matters relating to conflicts that were discussed with the attorneys could be referred to in the engagement letter. The reference to such discussions could be inserted after the second sentence of the above example.

**.22** *Restrictions of the use of the CPA's work to the case at hand.* Some CPAs encounter situations in which the attorney or the attorney's client uses the CPA's work without authorization outside the case for which it was intended. For example, a CPA's valuation report in a divorce case may be used by one of the parties as support for a bank loan. The engagement letter statement to discourage such use could read:

Any written reports or other documents which I (we) prepare are to be used only for the purpose of this litigation and may not be published or used for any other purpose without my (our) written consent.

**.23** *Other work (past or present) for the client or the opposing party or attorney.* The CPA providing litigation services to an attorney, the attorney's law firm, or its client previously may have served or may be serving the opposing attorney or that attorney's client in another, unrelated litigation matter. This suggests the possibility that one or the other attorney may unfairly use the prior or current relationship to challenge the CPA's objectivity and credibility. Some CPAs take steps to avoid such situations by proscribing such challenges in their engagement letters. For example, they may say:

The value of our firm's services to you and your client is founded, in part, on our reputation for professionalism and integrity. Our firm has been engaged from time to time by a significant number of law firms, both locally and nationally, and it is likely that we are or have been engaged by firms representing clients adverse to your client in this matter. Your engagement of our firm is expressly conditioned on your agreement not to use the fact of our current or previous engagement by opposing counsel in other matters as a means of enhancing or diminishing our credibility in conjunction with any appearance before a trier of fact.

**.24** *The CPA's right to withdraw from and terminate the engagement.* In the litigation process, changes may occur or facts may come to light that lead the CPA to arrive at conclusions adverse to the client's position. The CPA may even be asked to take positions with which he or she may disagree. Information previously unavailable or unknown to the CPA or even a substitution of attorneys or law firms may make continued involvement in the litigation inappropriate. Whatever

the issue, the CPA may want to reserve in writing the right to withdraw from and terminate the engagement by stating, for example:

You or your law firm or the court itself will advise us (with sufficient notice) as to the work to be performed by us and the requirement for appearance in court. Should information become known that would make our continued involvement in this engagement inappropriate or should attorneys or parties involved in this litigation change, we reserve the right to withdraw from this engagement.

**.25** *Provision that the CPA be held harmless from liability.* CPAs providing litigation services could find themselves targets of lawsuits filed by disgruntled litigants. To avoid this problem, the engagement letter can provide that the CPA be held harmless. The following statement is an example of such a provision:

You and your client agree to hold our firm, its partners, and employees harmless from any and all liabilities, costs, and expenses relating to this engagement, and expenses (and those of our legal counsel) incurred by reason of any action taken or committed to be taken by us in good faith. In no event will our firm be liable for incidental or consequential damages even if we have been advised of the possibility of such damages.

**.26** *Provision that hourly rates for fees are subject to change.* Litigation cases, and thus the CPA's engagements, frequently last longer than a year. Consequently, engagement letters often state that the CPA's hourly fee rates are subject to change. By stating this, the CPA is not bound to the original rate structure if additional work is performed, for example, a year or more after the initial agreement. This situation can be addressed in a brief statement such as the following:

Our hourly rates are subject to change from time to time. We will advise you immediately if rates are being adjusted.

**.27** *Payment of fees before issuance of a report or provision of deposition and trial testimony.* The issue of payment of fees before the issuance of a report or the provision of deposition and trial testimony has two aspects: (a) the CPA's concern that the attorney or, more particularly, the attorney's client may not pay the CPA's bills if the result of the litigation does not meet expectations and (b) the possible challenge to the CPA's credibility as an expert witness when large fees are still unpaid by the CPA's client. An opposing attorney could suggest that the CPA's desire to receive the unpaid fees impairs his or her objectivity, thereby creating a conflict of interest. To avoid these fee-related problems, the following statement may be useful:

Invoices will be presented monthly and are due on presentation. Invoices for which payment is not received within 30 days of invoice date shall accrue a 1.5 percent (or the highest rate allowable by law) per month compounded late charge. We reserve the right to halt further services until payment is received on past due invoices. If we should be requested to issue a report or testify, we require that we

be paid in full prior to such issuance or testimony for all work performed to date (or for all work to date and the estimated time and expenses through such report or testimony).

**.28** *Disputes about fees and services.* Disputes about fees and services may occur regardless of the value or quality of the CPA's services. Many attorneys also are concerned about responsibility for payment of the CPA's fees. Some CPAs and attorneys deal with this concern by agreeing, in an engagement letter addressed to the attorney, that the attorney's client is responsible for payment of fees. In those instances, the engagement letter is to be signed by the attorney's client, and some CPAs also urge the attorney to sign the letter.

**.29** To try to prevent disputes about fees, the CPA can include relevant statements in the engagement letter, such as in the following examples:

In the event that you disagree with or question any amount due under an invoice, you agree that you shall communicate such disagreement to us in writing within thirty (30) days of the invoice date. Any claim not made within that period shall be deemed waived.

In the event that collection procedures are required, you (attorney) and your client (company) agree to pay all expenses of collection and all attorneys' fees and costs actually incurred by our firm in connection with such collection, whether or not suit is filed thereon. If litigation is required regarding collection of the account, we will be paid our hourly rates for all time actually expended by our firm in connection with such action.

**.30** Another approach to addressing potential disputes about fees and services is to include a statement providing that such disputes will be settled by arbitration.<sup>7</sup> Several of the sample letters in appendix 73/C contain statements providing for arbitration of disputes.

**.31** *Disposition of workpapers and files at engagement's completion or termination.* The documents accumulated and workpapers prepared in an engagement may be subject to protective orders or contain confidential information that the CPA believes should be returned to the attorney on completion of the engagement. In some instances, the nature of the arrangements between plaintiff and defendant or orders of the court may require that the workpapers be delivered to and retained by counsel or the court. In any event, the CPA may wish to obtain a full release from the client before returning or destroying documents and workpapers at the end of a litigation engagement.<sup>8</sup> The following is an example of an engagement letter statement about returning files to the attorney:

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<sup>7</sup> Arbitration clauses and provisions for use by CPAs in engagement letters are described in the American Arbitration Association's publication *Drafting Dispute Resolution Clauses for Professional Accounting and Related Services* (New York: American Arbitration Association, 1994).

<sup>8</sup> AICPA, *Professional Standards*, vol. 2, ET sec. 301, "Confidential Client Information" and ET sec. 501.02, 501-1 — "Retention of client records" describe the obligations of CPAs to their clients.



All workpapers or other documents used by us during the course of this engagement will be maintained in segregated files. At the completion of our engagement, the originals and all copies thereof will be returned to you.

**.32** *The CPA as arbitrator.* A CPA may need to draft an engagement letter not as consultant or expert witness, but as a neutral arbitrator. In such cases, the language of the engagement letter should be adjusted. The following statements provide examples of relevant modifications and proscriptions:

The purpose of this letter is to outline our understanding of the services that we will provide in our assistance to you as a neutral person arbitrating the differences referred to and as provided for in the purchase agreement between XYZ, Inc. and ABC Corporation, dated September 4, 19XX.

At the completion of the arbitration process, we will render our decision as provided for in the purchase agreement and the arbitration schedule. Our decision will be reported in writing and will include brief explanations regarding each issue identified by the parties.

With the acceptance of this letter and my engagement to assist you by acting as the neutral arbitrating person, XYZ, Inc. and ABC Corporation also agree that I shall have no liability whatsoever to the parties for any action taken or omitted by me in this engagement, except for matters that may be judicially determined to be due to my own bad faith, or willful misconduct. In no event will our firm be liable for incidental or consequential damages even if we have been advised of the possibility of such damages.

**.33** A sample letter for an engagement in which the CPA acts as arbitrator is provided in exhibit 73C-12.

**.34** *Overlap of litigation services with other services.* The exemptions for litigation services engagements provided for in *Professional Standards* for attestation services and accounting and review services generally apply. However, the exemptions do not apply when the litigation services being provided are in substance an attest service or an actual compilation or review of financial statements as defined in the relevant *Professional Standards*. When exemptions from the standards would not apply, a formal written understanding with the attorney or attorney's client may be needed to describe the procedures the CPA must follow and how the findings must be communicated. Depending on the circumstances, such written understanding may take the form of engagement letters typically used in one form or another for attestation services and accounting and review services.

**.35** AT sec. 100.72, "Attest Services as Part of an MAS Engagement," provides that "the MAS engagement letter or an amendment should document the requirement to perform an attest service" (AICPA, *Professional Standards*, vol. 1). If a litigation services engagement includes an attestation service, as defined by the attestation standards, the engagement letter or an

amendment must document that requirement. Similarly, the management consulting and attestation reports that result from the engagement must be segregated and clearly identified.

### **73/120 SUMMARY**

**.01** An engagement letter for litigation services engagements can benefit all parties. As is the case with more traditional engagements, a letter will broadly define the responsibilities of both the CPA and the client and provide for the various necessary administrative aspects of the work and fees. Although a letter may be discoverable by the opposing parties to the litigation, the benefits of a carefully written engagement letter will likely outweigh any drawbacks.

**.02** Different states may have varying rules or laws relevant to engagement letters for professional services. The CPA may wish to confer with local counsel with regard to any such special considerations.

## APPENDIX 73/A

**REFERENCES RELATED TO THE UNDERSTANDING WITH CLIENT AND ENGAGEMENT LETTERS FOR LITIGATION SERVICES IN AICPA *PROFESSIONAL STANDARDS* AND NONAUTHORITATIVE LITERATURE**

The following list contains references to the major sources and is not intended to be all-inclusive.

<u>Nature of Service</u>	<u>References</u>
Audit	AU sec. 622.02
Attestation	AT sec. 100.72
Accounting and review	AR secs. 100.08 and .53-.54*
Consulting	CS sec. 100.07
Interim financial information	AU sec. 722.07
International audit	AU sec. 8002.01-.09*
Prospective financial information	<i>Guide for Prospective Financial Information</i> (AICPA Audit and Accounting Guide) AAG-PRO secs. 13.01, 16.01 and 20.01*
Personal financial statements	<i>Personal Financial Statements Guide</i> GUD-PFS secs. 1.11 and 1.12*
Common interest realty associations	<i>Common Interest Realty Associations</i> (AICPA Audit and Accounting Guide) AAG-CIR sec. 7.02
Related issues:	
Contingent fees	ET sec. 302.01, Rule 302
Defining the client	ET sec. 92.01
Indemnification clause	ET secs. 191.188—.189
Nonauthoritative literature	Litigation Services Consulting Services Practice Aid 93-4, <i>Providing Litigation Services</i> , sec. 70/130.14-.15 and appendixes 70A-1 and 70A-2
	Consulting Services Special Report 93-1, <i>Application of AICPA Professional Standards in the Performance of Litigation Services</i> , sec. 71/115.19

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\*Includes sample engagement letters

Nature of Service

References

Management Advisory Services Practice Aid No. 5., *Communicating With Clients About MAS Engagement Understandings*. Practice Administration Aid Series (New York, N.Y.: AICPA, 1988)

"Jamison Risk Management Report: Accountants," *Jamison Risk Management Report* (vol. 1, no. 1)

APPENDIX 73/B

REMINDER LIST FOR LITIGATION SERVICES ENGAGEMENT LETTERS

<i>Service and Professional Issues</i>	<u>Yes</u>	<u>No</u>	<u>N/A</u>
● Addressed to:			
Attorney	_____	_____	_____
Attorney's client	_____	_____	_____
Both attorney and attorney's client	_____	_____	_____
● Identifies the attorney's client or the client's attorney	_____	_____	_____
● Identifies the litigation	_____	_____	_____
● Describes the nature of the litigation services to be provided (see "The Discoverability Dilemma")	_____	_____	_____
● Identifies the expert witness*	_____	_____	_____
● States the absence of conflicts of interest* (for a discussion of this matter and of the following items, see "Special Clauses in Litigation Services Engagement Letters")	_____	_____	_____
● Refers to the attorney's work-product privilege*	_____	_____	_____
● Restricts the use or exposure of the CPA's work to the case at hand*	_____	_____	_____
● Refers to other past or present work for the client*	_____	_____	_____
● Refers to other past or present work for the opposing party*	_____	_____	_____
● Provides for the CPA's right to terminate the engagement*	_____	_____	_____
● Provides that the CPA be held harmless against liability*	_____	_____	_____
<i>Administrative and Fee Issues</i>			
● Identifies the CPA firm's staff members who will be involved in the engagement*	_____	_____	_____
<hr style="width: 25%; margin-left: 0;"/> <p>* This list contains suggested elements. The content of each engagement letter depends on the CPA's understanding with the attorney. The letter items marked with an asterisk (*) are less common than the other elements, and their inclusion is more discretionary.</p>			

(continued)

**REMINDER LIST FOR LITIGATION SERVICES ENGAGEMENT LETTERS (Continued)**

<i>Administrative and Fee Issues (Continued)</i>	<u>Yes</u>	<u>No</u>	<u>N/A</u>
● Estimates fees*	_____	_____	_____
● States hourly rates for fees (and that they are subject to change)*	_____	_____	_____
● States that out-of-pocket expenses are to be reimbursed	_____	_____	_____
● States that expense charges will include the cost of computer time, photocopies, or telephone*	_____	_____	_____
● Requires fees to be paid prior to deposition and trial testimony*	_____	_____	_____
● Describes fee and billing arrangements	_____	_____	_____
● Provides for disputes about fees, including related arbitration*	_____	_____	_____
● Provides for a retainer*	_____	_____	_____
● Proscribes fees contingent on the results of litigation*	_____	_____	_____
● Provides for disposition of workpapers and files on completion or termination of the engagement*	_____	_____	_____
● Provides for signature indicating acceptance: by the attorney, by the attorney's client, or both	_____	_____	_____
<hr/> <p>* This list contains suggested elements. The content of each engagement letter depends on the CPA's understanding with the attorney. The letter items marked with an asterisk (*) are less common than the other elements, and their inclusion is more discretionary.</p>			

APPENDIX 73/C

**ILLUSTRATIVE ENGAGEMENT LETTERS FOR PROVIDING LITIGATION SERVICES**

Exhibits 73C-1 through 73C-12 are illustrative letters. Many of these letters include examples of special clauses relevant to litigation services, but not all of the special clauses appear in each of the illustrative letters.

**Sample Engagement Letter — Analysis and Consultation,  
and Possible Expert Witness — No. 1\***

CPA & Company  
1 Pine Street  
Anytown, USA 00000

September 4, 19XX

John A. Smith, Esq.  
Smith, Smith & Jones  
100 Courthouse Way  
Anytown, USA 00000

Dear Mr. Smith:

You have asked me to read and analyze certain documents relating to a lawsuit brought against your client, XYZ, Inc. in the matter of *ABC Corporation. v. XYZ, Inc.* You have also asked that I be available to testify at the time of trial should you decide to use me as an expert witness. Any written reports or other documents that I prepare are to be used only for the purpose of the litigation and may not be published or used for any purpose without my written consent.

Irrespective of the outcome of this matter, I understand that you will compensate me at my standard hourly rate, currently \$XXX, for all the time spent, including travel, whether or not the engagement is completed or its results used. You will also compensate me for any out-of-pocket costs that I may incur. I will submit bills monthly that are due and payable on receipt and, in all events, prior to the commencement of my testimony.

You or your law firm or the court itself will advise me, with sufficient notice, of the work to be performed by me and the requirement for appearance in court. Should information become known that would make my continued involvement in this engagement inappropriate or should the attorneys or parties involved in this litigation change, I reserve the right to withdraw from this engagement.

Before commencing work on this engagement, I require a retainer of \$X,XXX, which will be applied to the final billing on this engagement or refunded to the extent that it exceeds such billing.

Any controversy or claim arising out of or relating to this contract, or the breach thereof, shall be settled by binding arbitration, in (insert desired venue), in accordance with the Commercial Arbitration Rules of the American Arbitration Association, and judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction thereof.

You and your client agree to hold me and my employees harmless from any and all liabilities, costs, and expenses relating to this engagement, and expenses (and those of my legal counsel) incurred by reason

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\* Reprinted from Consulting Services Practice Aid 93-4, *Providing Litigation Services* (New York, N.Y.: AICPA, 1993).



of any action taken or committed to be taken by me in good faith. In no event will I be liable for incidental or consequential damages even if I have been advised of the possibility of such damages.

I look forward to assisting you in this matter and hope that my services will be beneficial. If you approve of the engagement terms described above, I would appreciate your signing the enclosed copy of this letter and returning it to me.

Sincerely yours,

John Jones, CPA

Accepted:

---

John A. Smith, Esq.  
Smith, Smith & Jones

---

Date

**Sample Engagement Letter — Analysis and Consultation,  
and Possible Expert Witness — No. 2\***

CPA & Company  
1 Pine Street  
Anytown, USA 00000

September 4, 19XX

John A. Smith, Esq.  
Smith, Smith & Jones  
100 Courthouse Way  
Anytown, USA 00000

Dear Mr. Smith:

The purpose of this letter is to summarize our understanding of the assistance that CPA & Company will provide to you and your client, XYZ, Inc., in the matter of *XYZ, Inc. v. ABC Corporation, et al.* before the Superior Court of the State of California,, County of Los Angeles, which matter is Case No. XXXXXX.

You have requested that we assist you with analysis and consultation with regard to the XYZ litigation matter as you may direct. I would also be prepared to provide testimony at deposition and trial should you decide that to be appropriate.

I will be responsible for the performance of our engagement with you and your client. My hourly billing rate is \$XXX. From time to time, if necessary, other professionals may also assist when needed. The hourly rates for our professionals are in the following ranges: Senior managers and managers —\$XXX to \$XXX; senior accountants and senior consultants — \$XXX to \$XXX; and consultants — \$XXX to \$XXX. Our hourly rates are subject to change from time to time. We will advise you immediately if the rates are being adjusted by our firm.

Fees for our services are based on the actual time expended on the engagement at the standard hourly rates for the individuals assigned. In addition to our professional fees, we are reimbursed at cost for any travel and out-of-pocket expenses. Bills are rendered and are payable monthly as work progresses. We reserve the right to defer rendering further services until payment is received on past due invoices.

Our normal practice is to obtain a retainer, and we herewith request such a retainer in the amount of \$XXX. This retainer is not intended to represent an estimate of the total cost of the work to be

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\* Reprinted from Consulting Services Practice Aid 93-4, *Providing Litigation Services* (New York, N.Y.: AICPA, 1993).

performed. The retainer will be held against the final invoice for the engagement; any unused retainer will be refunded.

We are certain that you recognize that it is difficult to estimate the amount of time that this engagement may require. The time involved depends on the extent and nature of available information as well as the developments that may occur as work progresses. It is our intention to work closely with you to structure our work so the appropriate personnel from our staff are assigned to the various tasks in order to keep fees at a minimum. Our fees are not contingent on the results obtained by you or your client in this litigation. We do not warrant or predict results or the final outcome of this matter.

The value of our firm's services to you and your client is founded on our reputation for professionalism and integrity. Our firm has been engaged from time to time by a significant number of law firms, both locally and nationally, and it is likely that we are or have been engaged by firms representing clients adverse to your client in this matter. Your engagement of our firm is expressly conditioned on your agreement not to use the fact of our current or previous engagement by opposing counsel in other matters as a means of enhancing or diminishing our credibility in conjunction with any appearance before a trier of fact.

You, your client, and I all agree that any dispute over fees charged by our firm in this engagement will be submitted for resolution by arbitration in accordance with the rules of the American Arbitration Association. Such arbitration is limited only to the issue of fees charged and shall be binding and final. In agreeing to arbitration, we each acknowledge that in the event of a dispute over fees, each of us is giving up the right to have the dispute decided in a court of law before a judge or jury and, instead, is accepting the use of arbitration for resolution.

You or the law firm or the court itself will advise us, with sufficient notice, of the work to be performed by us and the requirement for appearance in court. Should information become known that would make our continued involvement in the engagement inappropriate or should the attorneys or parties involved in this litigation change, we reserve the right to withdraw from this engagement.

You and your client agree to hold our firm, its partners, and employees harmless from all liabilities, costs, and expenses relating to this engagement, as well as expenses (and those of our legal counsel) incurred by reason of any action taken or committed to be taken by us in good faith. In no event will our firm be liable for incidental or consequential damages even if we have been advised of the possibility of such damages.

All workpapers and other documents used by us during the course of this engagement will be maintained in segregated files. At the completion of the engagement, the originals and all copies thereof will be returned to you.

If the arrangements described in this letter are acceptable to you and the services outlined are in accordance with your requirements, please sign and return a copy of this letter. We request that your client also sign the acknowledgment copy of this letter. We look forward to working with you in this matter. If I can provide you with any additional information, please do not hesitate to call me at (555) 123-4567.

The proposed terms of this letter are subject to change if not accepted within 60 days of the date of this letter.

Very truly yours,

*[Name and Title]*  
CPA & Company

The services described in this letter are in accordance with our requirements and are acceptable to me and my client.

Accepted:

\_\_\_\_\_  
John A. Smith, Esq.  
Smith, Smith & Jones

\_\_\_\_\_  
Date

\_\_\_\_\_  
XYZ, Inc.

\_\_\_\_\_  
Date

**Sample Engagement Letter — Analysis and Consultation,  
and Possible Expert Witness — No. 3**

CPA & Company  
1 Pine Street  
Anytown, USA 00000

September 4, 19XX

John A. Smith, Esq.  
Smith, Smith & Jones  
100 Courthouse Way  
Anytown, USA 00000

and

XYZ, Inc.  
1 Broad Street  
Anytown, USA 00000

Gentlemen:

The purpose of this letter is to summarize our understanding of the assistance that CPA & Company will provide Smith, Smith & Jones and XYZ, Inc. in the matter of *XYZ, Inc. v. ABC Corporation, Inc.* before the Superior Court of the State of California, County of Los Angeles, which matter is Case No. XXXXXX.

You have requested that we assist you with analysis and consultation with regard to the XYZ litigation matter as you may direct. I would also be prepared to provide testimony at deposition and trial should you decide that to be appropriate. Any written reports or documents we prepare are to be used only for the purpose of this litigation and may not be published or used for any other purpose without our written consent.

We have performed an internal search for any potential client conflicts based on the names of the parties you provided. We have not found any client conflicts with respect to any of the parties. We are, however, engaged by new clients every day and cannot assure that, following our employment, engagement for the plaintiffs or defendants will not be accepted somewhere else in our firm. To minimize the problems this might cause, we suggest that you disclose our retention to the other side as soon as possible, but in a manner consistent with your case strategy. Should any possible conflict come to our attention, we will advise you immediately.

As partner-in-charge of CPA & Company's litigation services practice, I will be responsible for the performance of our engagement with you and your client. I may be assisted to the extent appropriate by a manager, Mr. Jones. My hourly rates and those for Mr. Jones are \$XXX and \$XXX, respectively. From time to time, other of our professionals may also assist when necessary. The hourly rates for our professionals are in the following ranges: Senior managers and managers — \$XXX to \$XXX; senior accountants and senior consultants — \$XXX to \$XXX; and staff accountants and consultants — \$XXX to \$XXX. Our hourly rates are subject to change from time to time. We will advise you immediately if a rate adjustment is being made by our firm.

Fees for our services are based on the actual time expended on the engagement at the standard hourly rates for the individuals assigned. In addition to our professional fees, we are reimbursed at cost for any travel and out-of-pocket expenses. Billings are rendered monthly with the understanding that they will be paid in full in 30 days. It is our understanding that Smith, Smith & Jones and XYZ, Inc. will be responsible for the payment of our fees and reimbursement of our out-of-pocket expenses. We reserve the right to defer rendering further services until payment is received on past due invoices.

We are certain that you recognize that it is difficult to estimate the amount of time that this engagement may require. We have estimated that fees for this engagement will be between \$XX,XXX and \$XX,XXX, exclusive of time required for deposition and trial. The time involved depends on the extent and nature of available information. It also depends on the developments that occur as work progresses. It is our intention to work closely with you to structure our work so the appropriate levels of personnel from our staff are assigned to the various tasks in order to keep fees at a minimum.

Furthermore, Smith, Smith & Jones, XYZ, Inc., and I all agree that any dispute over fees charged in this engagement will be submitted for resolution by arbitration in accordance with the rules of the American Arbitration Association. Such arbitration is limited only to the issue of fees charged by the accountant and shall be binding and final. In agreeing to arbitration, we each acknowledge that in the event of a dispute over fees, each of us is giving up the right to have the dispute decided in a court of law before a judge or jury and, instead, is accepting the use of arbitration for resolution.

You and the law firm or the court itself will advise us, with sufficient notice, of the work to be performed by us and the requirement for appearance in court. Should information become known that would make our continued involvement in this engagement inappropriate or should the attorneys or parties involved in the litigation change, we reserve the right to withdraw from the engagement.

If the arrangements in this letter are acceptable to you and the services outlined are in accordance with your requirements, please sign and return a copy of this letter. We request that your client also sign an acknowledgment copy of this letter. We look forward to working with you in this matter. If I can provide you with any additional information, please do not hesitate to call me at (555) 123-4567 or Mr. Jones at (555) 123-4568.

Very truly yours,

[Name and Title]  
CPA & Company

The services described in this letter are in accordance with our requirements and are acceptable to us.

Accepted:

---

John A. Smith, Esq.  
Smith, Smith & Jones

---

Date

---

XYZ, Inc.

---

Date

**Sample Engagement Letter — Analysis and Consultation,  
and Possible Expert Witness — No. 4**

CPA & Company  
1 Pine Street  
Anytown, USA 00000

September 4, 19XX

John A. Smith, Esq.  
Smith, Smith & Jones  
100 Courthouse Way  
Anytown, USA 00000

Re: *XYZ, Inc. v. ABC Corporation, et al.*

Dear Mr. Smith:

This letter will confirm our discussions and the engagement of our firm to assist you in your representation of XYZ, Inc. in the above matter. As such, we have been retained by your firm to which all reports, communications, and work product will be submitted. We understand that it may be necessary for you to share with us your theories of the case, strategy considerations, mental impressions, conclusions, and other thought processes that relate to your preparation of this matter for trial. It may also be necessary for you to relate to us communications between you and your client. Consequently, we understand that the work performed by us will be confidential, constituting a portion of your work product, and is to be regarded by us as being covered by the attorney-client and attorney work-product privileges.

We understand that your firm may also wish to engage us to assist you by identifying and by providing expert witness services concerning business methods or trade practices, accounting, or finance in this or other matters. Should you wish to engage our firm, your decision will be made in light of the nature of the information previously disclosed to us. In such cases, we understand that any work performed in an expert witness engagement, as well as any other information disclosed to us, may be subject to the rules of discovery as appropriate for expert witnesses.

All workpapers or other documents used by us during the course of this engagement will be maintained in segregated files. At the completion of our engagement, the originals and all copies thereof will be returned to you.

Our fees in this matter are based on an hourly rate plus expenses incurred and are not contingent on the outcome of the case. We will bill you at standard rates, which currently range from \$XXX to \$XXX per hour, depending on the personnel assigned. Unless otherwise agreed, we will submit our billings on a monthly basis with the understanding that they will be paid in full in 30 days. All past due invoices will



be subject to a 1 percent per month late charge. We reserve the right to defer rendering further services until payment on past due invoices is received. If we should be requested to testify, we require that we be paid in full for all work performed to date prior to our testimony.

The obligations for payment of our fees is the direct responsibility of XYZ, Inc. and we agree that you and your law firm are not liable for our fees on this engagement unless you receive payment of any part thereof from them. You agree that you will make every effort to assist us in collecting our fees from your client. In order to begin work, we require a retainer of \$XX,XXX to be applied to our final billing in this matter. This retainer is not intended to be an estimate for the total cost of work performed, nor have we provided an estimate.

The value of our firm's service to you and your client is founded, in part, on our reputation for professionalism and integrity. Our firm has been engaged from time to time by a significant number of law firms, both locally and nationally, and it is likely that we are or have been engaged by firms representing clients adverse to your client in this matter. Your engagement of our firm is expressly conditioned on your agreement not to use the fact of our current or previous engagement by opposing counsel in other matters as a means of enhancing or diminishing our credibility before a trier of fact.

Any controversy, claim, or counterclaim arising out of or relating to this contract, the breach thereof, or the services performed by CPA & Company shall be settled by binding arbitration before a single arbitrator in accordance with the American Arbitration Association (AAA), and judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. The arbitration shall be initiated at the AAA offices in Los Angeles, California, and all hearings shall be conducted at said offices or at another location within Los Angeles County as determined by the arbitrator. In the event an arbitration or litigation (including but not limited to any proceeding to compel arbitration) is initiated to resolve or settle any dispute or claim between the parties, the prevailing party shall be entitled to recover from the nonprevailing party or parties its reasonable costs, including but not limited to reasonable attorney's fees and fees of CPA & Company incurred in connection with the arbitration or litigation.

You or the law firm or the court itself will advise us, with sufficient notice, of the work to be performed by us and the requirement for appearance in court. Should information become known that would make our continued involvement in this engagement inappropriate or should the attorneys or parties involved in this litigation change, we reserve the right to withdraw from this engagement.

You and your client agree to hold this firm, its partners, and employees harmless from any and all liabilities, costs and expenses relating to this engagement, as well as expenses (and those of our legal counsel) incurred by reason of any action taken or committed to be taken by us in good faith. In no event will our firm be liable for incidental or consequential damages even if we have been advised of the possibility of such damages.

By acknowledging acceptance of the terms of this engagement, Smith, Smith & Jones represents and warrants that it has the authority from XYZ, Inc. to employ CPA & Company on the terms and conditions set forth herein, including but not limited to the provisions above with respect to arbitration of disputes and claims.

If this is in accordance with your understanding and meets with your approval, please sign and date one copy of this letter in the space provided. We request that your client also sign an acknowledgment copy of this letter. One copy should be retained for your files.

Very truly yours,

*[Name and Title]*  
CPA & Company

The services described in this letter are in accordance with our requirements and are acceptable to me and my client.

Accepted:

\_\_\_\_\_  
John A. Smith, Esq.  
Smith, Smith & Jones

\_\_\_\_\_  
Date

\_\_\_\_\_  
XYZ, Inc.

\_\_\_\_\_  
Date

**Sample Engagement Letter —  
Consulting Services — No. 1**

CPA & Company  
1 Pine Street  
Anytown, USA 00000

September 4, 19XX

John A. Smith, Esq.  
Smith, Smith & Jones  
100 Courthouse Way  
Anytown, USA 00000

Re: *XYZ, Inc. v. ABC Corporation, et al.*

Dear Mr. Smith:

**Our Understanding of Our Role**

This letter confirms our understanding of your retention of CPA & Company as consultants to you and your client, XYZ, Inc., in the above-referenced litigation based on our previous conversations. We have been retained as consultants only. We further understand that all of our consulting work will be performed to assist in preparing your case and is within the attorney work-product privilege.

We are prepared to provide assistance in reviewing XYZ, Inc.'s analyses of the accounting and financial records of the ABC Corporation. We are prepared also to provide assistance in any areas that may be identified during the course of the engagement, including deposition and discovery activities.

**Conflicts**

We performed an internal search for any potential client conflicts based on the names of the parties you provided. We have not found any client conflicts with respect to any of the parties. We are, however, engaged by new clients every day and therefore cannot assure that, following our employment, engagement for the plaintiffs or defendants will not be accepted somewhere else in our firm. To minimize the problems this might cause, we suggest that you disclose our retention to the other side as soon as possible, but in a manner consistent with your case strategy. Should any possible conflict come to our attention, we will advise you immediately.

**Project Staffing and Fees**

I will participate as project partner, maintaining overall project responsibility for staffing, quality control, billing, and client relations. Mr. Jones will coordinate daily management of the case. Technical support will be provided by our audit and tax professionals, who will be identified during the course of the

engagement, with your approval. If for any reason you request us to act as experts, we will identify the appropriate resources and will provide you with their resumes.

We bill on a time-and-expense basis with our fees determined by the tasks required and time spent. We try to use the least expensive staff appropriate for a particular task. Obviously, schedule preparation and accounting verification may often be done by junior staff. More experienced people may be needed, however, for review of documents and testimonial assistance, if necessary.

Our rates are adjusted from time to time (often in June, the start of our fiscal year); we will advise you immediately if we are adjusting our rates. In addition to professional fees, our bills will include out-of-pocket expenses, such as telephone, computer charges, travel, messengers, and photocopying. All fees and expenses are not contingent on the final results, nor do we guarantee any result or resolution in this litigation. Based on the information presently available, we estimate that fees for this engagement may be in the range of \$XX,XXX to \$XX,XXX.

Invoices will be presented monthly and are due on presentation. Invoices on which payment is not received within 30 days shall accrue late charges at 15 percent (or the highest rate allowable by law) per month compounded. We reserve the right to halt further services until payment on past due invoices is received. If we should be requested to testify, we require that we be paid in full for all work performed to date prior to our testimony.

Our normal practice is to obtain a retainer, and we are hereby requesting such a retainer of \$XX,XXX. The retainer will be held against the final invoice for the engagement; any unused retainer will, of course, be refunded. In addition, we will be compensated for any time and expenses, including time and expenses of legal counsel, we may incur in conducting or responding to discovery requests or participating as a witness or otherwise in any legal, regulatory, or other proceedings, including those other than the instant case, as a result of our firm's performance of these services.

In the event that collection procedures are required, you and your client agree to pay all expenses of collection and all attorneys' fees and costs actually incurred by our firm in connection with such collection, whether or not suit is filed thereon. If litigation is required regarding collection of the account, we will be paid our hourly rates for all time actually expended by our firm in connection with such action.

You and the law firm or the court itself will advise us, with sufficient notice, of the work to be performed by us. Should information become known that would make our continued involvement in this engagement inappropriate or should the attorneys or parties involved in this litigation change, we reserve the right to withdraw from this engagement.

If this summary is consistent with your own understanding and intent and has the concurrence of your client, please sign the enclosed copy of the letter in the space provided and return it to me. We appreciate the opportunity to work with you and look forward to your prompt response.

Very truly yours,

[Name and Title]  
CPA & Company

The services described in this letter are in accordance with our requirements and are acceptable to me and my client.

Accepted:

---

John A. Smith, Esq.  
Smith, Smith & Jones

---

Date

**Sample Engagement Letter —  
Consulting Services — No. 2**

CPA & Company  
1 Pine Street  
Anytown, USA 00000

September 4, 19XX

John A. Smith, Esq.  
Smith, Smith & Jones  
100 Courthouse Way  
Anytown, USA 00000

Re: *XYZ, Inc. v. ABC Corporation, et al.*

Dear Mr. Smith:

In accordance with our understanding, we have been retained by Smith, Smith & Jones to become part of the litigation support team in the above litigation matter. Our services will include an analysis of the financial records of ABC Corporation, for the purpose of uncovering defalcations, diversion of profits, and any similar activities affecting XYZ, Inc. or its affiliates.

This assignment will be undertaken at our regular hourly rates in effect at the time the services are rendered, plus expenses. Our current hourly rates range from \$XX.XX per hour for paraprofessionals to \$XXX.XX per hour for partners. We will generally bill you monthly to help keep you informed as to the cost of our services. A retainer fee of \$X,XXX is required prior to our beginning the investigation.

If this summary is consistent with your understanding and intent and has the concurrence of your client, please sign the enclosed copy of the letter in the space provided and return it to me. We appreciate the opportunity to work with you and look forward to your prompt response.

Very truly yours,

[Name and Title]  
CPA & Company

The services described in this letter are in accordance with our requirements and are acceptable to me and my client.

Accepted:

---

John A. Smith, Esq.  
Smith, Smith & Jones

---

Date

**Sample Engagement Letter —  
Consulting Services — No. 3**

CPA & Company  
1 Pine Street  
Anytown, USA 00000

September 4, 19XX

Michael Burton  
XYZ, Inc.  
200 Portland Way  
Anytown, USA 00000

Re: *XYZ, Inc. v. ABC Corporation, et al.*

Dear Mr. Burton:

This letter confirms our understanding of the terms and objectives of our engagement and the nature and limitation of the services we will provide.

CPA & Company will value the business of the special warranty department of XYZ, Inc. as of October 31, 19XX. We will also be available to provide assistance in your negotiations and depositions, at trial or at negotiating sessions in connection with the above-referenced matter.

Our valuation will be based on the most probable quantitative valuation, giving consideration to all relevant extrinsic and intrinsic valuation factors, and to a number of accepted valuation approaches. There will be no assurance that the value as estimated by us would be realized on disposition either in sale or liquidation. Likewise, there can be no assurance that the estimated value will be in agreement with the amounts finally determined by applicable authorities.

We will not audit or review the tax returns or financial information furnished to us. We will assume any financial statements we receive have been prepared in accordance with generally accepted accounting principles.

The information used and relied on in our valuation of the business entities will be that provided by you and the Smith, Smith & Jones law firm, and the accounting firm of Levin and White. We will investigate meaningful differences in the valuation calculations, data, and assumptions as they are identified and after discussion with you.

We take no responsibility to update our valuation report for events and circumstances occurring subsequent to the date of its issuance, nor do we warrant or predict results or final developments in this matter.



Our fees for these services will be based on the actual time incurred at our standard hourly rates (rates currently range from \$XX to \$XXX). Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. We require a retainer on acceptance of this proposal of \$XX,XXX. We will apply this retainer to our last bill and will return to you the amount by which the retainer exceeds our final bill.

If the terms and conditions of this proposal are in accordance with your requirements, please sign one copy of this letter and return it to us together with a check for \$XX,XXX as your authorization to proceed.

We appreciate this opportunity to be of service to you and welcome your inquiries.

Very truly yours,

*[Name and Title]*  
CPA & Company

The services described in this letter are in accordance with our requirements and are acceptable to me and my client.

Accepted:

---

Michael Burton  
XYZ, Inc.

---

Date

**Sample Engagement Letter —  
Consulting Services — No. 4\***

I.M.A. Valuer & Company  
Certified Public Accountants  
58-60 Main Street  
Anytown, USA 00000

July 30, 19XX

Ms. Jane Piccolo, President  
Best Widgets, Inc.  
67-69 Ruling Street  
Anytown, USA 00000

Dear Ms. Piccolo:

This letter will confirm the terms of our engagement and the nature of the services that we will provide.

1. We will perform a business valuation to determine the fair market value of 100 percent of the common stock of Best Widgets, Inc. as of December 31, 19XX. Fair market value is defined as the value at which a willing buyer and a willing seller, both being informed of the relevant facts about the business, would conduct a transaction, neither party acting under any compulsion to do so.
2. We will not conduct an audit as defined by the American Institute of Certified Public Accountants. Rather, we will perform the necessary tests of the accounting records for the purpose of issuing a valuation report, not a statement regarding the fairness of presentation of the financial statements of the business.
3. In our report, we will include certain values derived from reports of others and designate them as such. However, we take no responsibility for those items. Nor do we take responsibility to update the report or disclose any events or circumstances occurring after the valuation date. In the event sufficient records or documentation cannot be supplied to us, we will not issue a valuation report.
4. Our fees will be based on the following rates:
  - a. \$XXX per hour for all services relating to the business valuation, regardless of whether a valuation report can be issued.
  - b. \$XXX per hour for all services rendered relating to depositions, trial preparation, court appearances, and testimony; a minimum fee for four hours will be charged for appearance at deposition and other court appearances.
  - c. Any out-of-pocket expenses relating to this valuation.

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\* Reprinted from Consulting Services Practice Aid 93-3, *Conducting a Valuation of a Closely Held Business* (New York, N.Y.: 1993).

5. The payment terms are as follows:

\$X,XXX is due in advance as a retainer. The balance will be payable prior to the delivery of the report. The report will not be issued if there is a balance due. Any services rendered thereafter will be due and payable on presentation of an invoice.

Balances outstanding beyond 30 days will have a service charge added at a rate of 1.5% per month or part thereof. All costs relating to collection of these fees will also be the responsibility of the undersigned including, but not limited to, attorney fees and collection agency fees. Reasonable attorney fees will be considered to be up to 33 percent of the outstanding balance.

- 6. The final report will be copyrighted by I.M.A. Valuer & Company. It will remain our property, and no copies or reproductions will be allowed without written consent until such time as any outstanding balance is paid.
- 7. I.M.A. Valuer & Company reserves the right to withdraw from this engagement at any time regardless of the reason. In the event there is an outstanding balance, we further reserve the right not to make a court appearance in this matter. All workpapers created by us will remain the property of our firm. In the event of a withdrawal, we would be liable to return only those materials and documents supplied by the client and the unused portion of the retainer.
- 8. The undersigned gives I.M.A. Valuer & Company the right to discuss this matter with the client's attorney, accountant, other individuals designated by the client, and any colleagues of the valuer from whom professional information is sought. If the terms of this engagement are acceptable, please sign the acknowledgment below and return a signed copy of this letter with your check for \$X,XXX to our office.

\_\_\_\_\_  
Partner

ACKNOWLEDGMENT:

The undersigned accepts the terms of this engagement and guarantees full payment of the fees with respect to this engagement.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

**Sample Engagement Letter —  
Accounting and Consulting Services**

CPA & Company  
1 Pine Street  
Anytown, USA 00000

September 4, 19XX

John A. Smith, Esq.  
Smith, Smith & Jones  
100 Courthouse Way  
Anytown, USA 00000

Re: *XYZ, Inc. v. ABC Corporation, et al.*

Dear Mr. Smith:

We appreciate the opportunity to be of service to you in regard to the above-referenced matter.

This letter constitutes an agreement between CPA & Company, Smith, Smith & Jones, and XYZ, Inc., under which we will provide accounting and consulting services as you, or your client, XYZ, Inc., may require. Generally these services include analysis of transactions involving XYZ, Inc. in regard to the following matter:

ABC, Ltd., a California Limited Partnership, Debtor (Bk. No. LA XX-00000-00), ABC Corporation, a Corporation, Debtor (Bk. No. LA XX-00001-00), Joe Trustee, Chapter 11 Trustee, Plaintiff v. XYZ, Inc., John Doe, an individual; and DEF Company, Inc., a California Corporation, Defendant.

We will prepare a report and exhibits detailing the results of our analysis if you so desire.

Our fees will be based on the number of hours worked by our professionals and staff multiplied by their respective hourly rates, plus out-of-pocket expenses. The hourly rates are as follows:

Partners			\$XXX
Managers	\$XXX	-	XXX
Supervising seniors	XXX	-	XXX
Senior accountants	XX	-	XXX
Staff accountants	XX	-	XX
Paraprofessionals	XX	-	XX

Our hourly rates will be adjusted annually in our billings based on the normal increases in our hourly rates to all clients.

In order to minimize costs, it is our policy to direct the work to the lowest possible appropriate staff, thereby reducing costs, while maintaining control over the integrity of our work product. We will

provide you with a detailed billing monthly for which payment is due on receipt. We reserve the right to suspend services if the appropriate payments are not received. In the event a dispute arises between CPA & Company, Smith, Smith & Jones, or XYZ, Inc., it is agreed that arbitration and mediation will be used before litigation.

The responsibility for payment of the fees and costs rests solely with XYZ, Inc. You have represented to us that the temporary restraining order currently in effect allows XYZ, Inc. to pay professionals for services rendered in defending the above-described matter.

We estimate that the cost of performing the analysis required to prepare for the December XX, 19XX, hearing may range from \$XX,XXX to \$XXX,XXX. Additional fees for services provided after that date will depend on the scope of work required to prepare for trial. Any opinion we may render will be determined independently and our full fee will be due regardless of the opinion rendered. To begin our engagement, we will require a retainer of \$XX,XXX.

You or the law firm or the court itself will advise us, with sufficient notice, of the work to be performed by us. Should information become known that would make our continued involvement in this engagement inappropriate or should the attorneys or parties involved in this litigation change, we reserve the right to withdraw from this engagement.

All workpapers or other documents used by us during the course of this engagement will be maintained in segregated files. At the completion of our engagement, the originals and all copies thereof will be returned to you.

We look forward to working with you in this matter. If you need further information, please do not hesitate to call us. After you have signed the duplicate originals of this agreement, please forward this document to your client to be executed. Have your client return one fully executed agreement to CPA & Company at the above address.

Very truly yours,

*[Name and Title]*  
CPA & Company

The services described in this letter are in accordance with our requirements and are acceptable to us.

Accepted:

\_\_\_\_\_  
John A. Smith, Esq.  
Smith, Smith & Jones

\_\_\_\_\_  
Date

\_\_\_\_\_  
XYZ, Inc.

\_\_\_\_\_  
Date

**Sample Engagement Letter —  
Addressed to Attorney's Client**

CPA & Company  
1 Pine Street  
Anytown, USA 00000

September 4, 19XX

Ms. Jane Doe  
100 Main Avenue  
Anytown, USA 00000

Re: Dissolution of Marriage of Jane and John Doe  
Litigation Services Engagement Agreement

Dear Ms. Doe:

This letter will serve to confirm our understanding and agreement whereby you have retained CPA & Company to perform accounting services in the above matter. Your attorney, John A. Smith, Esq., will determine the scope of work to be performed and requirements for any appearance in court or deposition. Work product prepared by us for this engagement will be submitted directly to your attorney.

Our services will include investigatory accounting services, preparation of net worth and net disposable income statements, advice on the accounting aspects of litigation matters, tax considerations, valuations, and other services as directed by your attorney.

We will not conduct an audit as defined by the American Institute of Certified Public Accountants. Our standard procedures are not necessarily designed to detect fraud or misappropriation. We may rely on representations by your spouse or third parties in conducting our research or reaching our conclusions.

Our services will be furnished and billed on an hourly basis. Hourly rates vary depending on the individual billing rates of firm members and are subject to possible increases during the course of this engagement. Our current hourly rates are available on request. Should our presence be required at court deposition proceedings, our time will be billed in four increments for each half-day session at the usual billing rate of the firm member. Our billing rates do not include any out-of-pocket expenses, which are additional charges.

Attached hereto is a statement for a retainer of \$XX,XXX against which time will be applied. This retainer is not intended to be an estimate of the total cost of the work to be performed, nor has an estimate been given. Should the retainer exceed total fees and costs incurred, we will refund the excess.

The obligation for payment of our fees is your direct responsibility. Our fee is not contingent on the results obtained as we do not warrant or predict results or the final outcome of this matter.

Statements will be rendered to you and your attorney periodically. Payment is due on presentation. We reserve the right to withdraw from this engagement if your account balance is not paid in full when due or if you change attorneys. Judgments and agreements requiring your spouse or third parties to pay any portion of our fee will not relieve you from your obligation to pay our fee. However, we will credit your account with all money actually received pursuant to such judgments or agreements.

If your account balance is not paid in full within 60 days of completion of our primary assignment, interest will be charged at the annual rate of 10 percent on the unpaid balance until paid.

Any controversy or claim arising out of this agreement on the performance of service will be settled by binding arbitration in accordance with the commercial arbitration rules of the American Arbitration Association, and judgments on the award rendered by the arbitrator may be entered in any court having jurisdiction. In this regard, it is further agreed that the place for performance of this agreement is Los Angeles, California.

You or the law firm or the court will advise us, with sufficient notice, of the work to be performed by us and the requirement for appearance in court. Should information become known that would make our continued involvement in this engagement inappropriate or should the attorneys or parties involved in this litigation change, we reserve the right to withdraw from this engagement.

In the event that collection enforcement measures are required following any arbitration proceeding, you agree to pay all expenses of collection including all attorneys' fees and costs actually incurred by our firm in those regards.

If, after discussing this agreement with your attorney, you agree that the above accurately sets forth the terms of our engagement, please indicate so by signing below and returning this agreement.

This offer to provide services will remain open for 30 days from the date of this letter.

Very truly yours,

*[Name and Title]*  
CPA & Company

The services described in this letter are in accordance with my requirements and are acceptable to me.

Accepted:

\_\_\_\_\_  
Jane Doe

\_\_\_\_\_  
Date

**Sample Engagement Letter —  
Addressed to the CPA by an Attorney**

Smith, Smith & Jones  
100 Courthouse Way  
Anytown, USA 00000

September 4, 19XX

**CONFIDENTIAL**

Ms. CPA  
CPA & Company  
1 Pine Street  
Anytown, USA 00000

Re: *XYZ, Inc. v. ABC Corporation, et al.*

Dear Ms. CPA:

This is to confirm our understanding regarding your firm's services. XYZ, Inc. has engaged Smith, Smith & Jones to represent it in connection with litigation entitled *XYZ, Inc. v. ABC Corporation*, involving a manufacturer partnership dispute.

CPA & Company has agreed to assist XYZ, Inc. and Smith, Smith & Jones in analyzing the partnership's accounting and other financial records of the parties. In addition, Ms. CPA may testify as an expert witness in this litigation should that become necessary. We understand that the hourly rates for the individuals who will be involved as our experts in performing the analysis will range from \$XXX to \$XXX per hour and that your firm's fees are not contingent on the results obtained in this matter. We also understand that the individual primarily responsible for this matter will be Ms. CPA and that Ms. CPA's hourly rate is \$XXX per hour. This arrangement is satisfactory to us and our clients.

It is understood that CPA & Company will be responsible to XYZ, Inc. in rendering these services, will perform these services subject to the direction of Smith, Smith & Jones, and, as an agent of our firm, will gather for us, through confidential analysis of financial data and otherwise, information necessary for our evaluation of our client's case. Information obtained by CPA & Company in this engagement will be delivered only to Smith, Smith & Jones. In this regard, it is understood that your firm is responsible for keeping communications between you, CPA & Company, and its clients confidential. Therefore, there will be no disclosure of privileged information to third parties without the prior consent of Smith, Smith & Jones and its client.

Your fees for services and out-of-pocket expenses will be submitted periodically to and paid by XYZ, Inc. and it is understood by you that Smith, Smith & Jones will not be responsible for your fees in this matter.



Please confirm that the above correctly reflects our understanding by signing a copy of this letter and returning it to our firm.

Very truly yours,

Smith, Smith & Jones

The above represents our understanding of the arrangement between Smith, Smith & Jones and CPA & Company.

By \_\_\_\_\_  
[Name and Title]  
CPA & Company

\_\_\_\_\_  
Date

**Sample Engagement Letter — Arbitration**

CPA & Company  
1 Pine Street  
Anytown, USA 00000

September 4, 19XX

XYZ, Inc.  
1 Broad Street  
Anytown, USA 00000

and

ABC Corporation  
1 Main Street  
Anytown, USA 00000

Gentlemen:

The purpose of this letter is to outline our understanding of the services that CPA & Company will provide as arbitrator to resolve the differences between XYZ, Inc. and ABC Corporation. The agreement to submit differences to arbitration is referred to and provided for in paragraph 1.4.4 of Article I of the Purchase Agreement dated January XX, 19XX, between XYZ, Inc. as purchaser and ABC Corporation as seller. For the remainder of this letter, XYZ, Inc. and ABC Corporation are referred to as XYZ and ABC.

As we understand the matter, in February 19XX, ABC sold to XYZ substantially all of the assets and business of ABC #1 Business as described in the "Premises" preamble of the Purchase Agreement. Representatives of XYZ and ABC have explained to us that differences have arisen about inventories, receivables, and certain other financial statement matters.

A Schedule of Procedures to Be Used in Conducting the Arbitration (the "Schedule") has been drawn up and agreed to by XYZ and ABC. We understand that you have agreed that, together with the aforementioned paragraph 1.4.4 of the Purchase Agreement, the Schedule will govern the process, timing, and actions of the arbitrator. A copy of the Schedule is enclosed as part of this letter of engagement.

At the completion of the arbitration process, we will render our decision as provided for in paragraph 1.4.4 of the Purchase Agreement and the Schedule. Our report will be provided in writing and will include brief explanations of my decisions regarding each issue identified by the parties.

I will be the neutral person acting as arbitrator in this engagement with you. I will be assisted when appropriate by Mr. Jones. Mr. Jones and I are certified public accountants. I may also be assisted by other of our professionals as appropriate to effectively and efficiently complete this arbitration and keep fees to a minimum, although at this time it appears that their involvement would be limited.

Our fees are based on the time expended on an engagement at the standard hourly rates for the individuals involved. The hourly rates for our partners are \$XXX and the rates for our managers and staff are in the following ranges: Senior managers and managers — \$XXX to \$XXX; senior accountants and senior consultants — \$XXX to \$XXX; and staff accountants and consultants — \$XXX to \$XXX. In addition to our professional fees, we are reimbursed at cost for any travel and out-of-pocket expenses.

The arbitration process is expected to require several months. We understand that according to the Schedule, the bulk of our work in this engagement will take place during the last half of the process. For that reason, you have asked that we render the bills for our services at the completion of the engagement and that we discuss arranging for earlier, partial billing should the arbitration take longer or proceed differently than anticipated. At the completion of the arbitration process, we will provide a summary bill allocating all costs of our services, including our fees, travel, and out-of-pocket expenses, in accordance with the related provision in paragraph 1.7.2 of the Purchase Agreement.

Under the circumstances, we are certain that you recognize that it is difficult to estimate the amount of time this engagement may require. The time required depends, in part, on the extent and nature of the positions taken by the parties and the related documents that will be provided as referred to in procedures described in the Schedule. It may also be affected by the cooperation of the parties. These considerations notwithstanding, we have estimated that the total fees for this engagement should range from \$XX,XXX to \$XXX,XXX. Throughout this engagement, we will monitor the time spent and notify you immediately if our total fees may exceed that range.

Before beginning work on this engagement, I require a retainer of \$X,XXX from each of you, which will be applied to the final billings of this engagement or refunded to the extent the retainer exceeds such billing.

With the acceptance of this letter and our engagement to act as the neutral person, XYZ and ABC also agree that CPA & Company and I shall have no liability whatsoever to the parties for any action taken or omitted by us in this engagement, except for matters that may be judicially determined to be due to our own bad faith, willful misconduct, or gross negligence.

If the arrangements described in this letter are acceptable to you, and the services outlined are in accordance with your requirements, please sign and return the copy of this letter provided.

We look forward to working with you in this matter. If we can provide you with any additional information, please call me at (555) 123-4567.

Very truly yours,

*[Name and Title]*  
CPA & Company

Enc.

**73/100-46**

The services described in this letter are in accordance with our requirements and are acceptable to us.

Accepted:

\_\_\_\_\_  
XYZ, Inc.

\_\_\_\_\_  
Date

\_\_\_\_\_  
ABC Corporation

\_\_\_\_\_  
Date



## CONSULTING SERVICES PUBLICATIONS

<i>Title</i>	<i>Series Number</i>	<i>Product Number</i>
<b>Small Business Consulting Practice Aids Series</b>		
<i>Assisting Small Business Clients in Obtaining Funds</i>	No. 1	<b>055018</b>
<i>Assisting Clients in Maximizing Profits: A Diagnostic Approach</i>	No. 3	<b>055268</b>
<i>Effective Inventory Management for Small Manufacturing Clients</i>	No. 4	<b>055272</b>
<i>Business Planning</i>	No. 6	<b>055291</b>
<i>Developing a Budget</i>	No. 10	<b>055338</b>
<i>Cash Management</i>	No. 11	<b>055342</b>
<i>Evaluating and Starting a New Business</i>	No. 12	<b>055357</b>
<i>Assessing Franchise Opportunities</i>	No. 13	<b>055361</b>
<i>Assisting Professional Clients in Pricing Services Using Budgeting Techniques</i>	No. 14	<b>055376</b>
<i>Developing Management Incentive Programs</i>	No. 15	<b>055377</b>
<i>Improving Organizational Structure</i>	No. 16	<b>055378</b>
<i>Developing and Improving Clients' Recruitment, Selection, and Orientation Programs</i>	No. 92-2	<b>055133</b>
<i>Assisting Closely Held Businesses to Plan for Succession</i>	No. 92-3	<b>055134</b>
<i>Assisting a Financially Troubled Business</i>	No. 92-8	<b>055140</b>
<i>Assisting Clients to Establish an Outside Advisory Board</i>	No. 93-2	<b>055141</b>
<i>Conducting a Valuation of a Closely Held Business</i>	No. 93-3	<b>055148</b>
<i>Assisting Clients in Controlling Costs and Expenses</i>	No. 93-7	<b>055149</b>
<i>Assisting Clients in Developing Credit and Collections Policies</i>	No. 94-3	<b>055154</b>
<b>Practice Administration Aids Series</b>		
<i>Written Communication of Results in MAS Engagements</i>	No. 3	<b>055910</b>
<i>Starting and Developing an MAS Practice</i>	No. 4	<b>055925</b>
<i>Communicating With Clients About MAS Engagement Understandings</i>	No. 5	<b>055930</b>
<i>Managing Consulting Services: A Focus on Profitability</i>	No. 93-1	<b>055144</b>
<i>Developing a Consulting Services Control and Management Program</i>	No. 93-5	<b>055143</b>
<b>Industry Consulting Practice Aids Series</b>		
<i>Restaurants and Food-Service Establishments</i>	No. 92-1	<b>055132</b>
<i>Law Firms</i>	No. 92-4	<b>055135</b>
<i>Voluntary Health and Welfare Organizations</i>	No. 92-9	<b>055142</b>
<i>Dental Practices</i>	No. 94-1	<b>055150</b>
<i>Nursing Homes</i>	No. 94-2	<b>055153</b>
<i>General Construction Contractors</i>	No. 95-1	<b>055157</b>

(continued)

*Title*

*Series Number Product Number*

**Technical Consulting Practice Aids Series**

<i>Mergers, Acquisitions, and Sales</i>	No. 8	<b>055094</b>
<i>Conversion to a Microcomputer-Based Accounting System</i>	No. 11	<b>055126</b>
<i>Assisting Clients in Developing an Employee Handbook</i>	No. 12	<b>055127</b>
<i>Disaster Recovery Planning</i>	No. 15	<b>055130</b>
<i>Automating Small and Medium-Sized Businesses in Selected Industries</i>	No. 92-5	<b>055136</b>
<i>Preparing Financial Models</i>	No. 92-6	<b>055137</b>
<i>Providing Litigation Services</i>	No. 93-4	<b>055145</b>
<i>Assisting Clients in Developing Policies and Procedures for Electronic Spreadsheet Applications</i>	No. 93-6	<b>055156</b>
<i>Analyzing Financial Ratios</i>	No. 94-4	<b>055155</b>
<i>Communicating Understandings in Litigation Services: Engagement Letters</i>	No. 95-2	<b>055163</b>

**Special Reports**

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<i>Application of AICPA Professional Standards in the Performance of Litigation Services</i>	No. 93-1	<b>048562</b>
<i>Conflicts of Interest in Litigation Services Engagements</i>	No. 93-2	<b>048563</b>
<i>Comparing Attest and Consulting Services: A Guide for the Practitioner</i>	No. 93-3	<b>048564</b>
<i>Microcomputer Communications</i>	No. 93-4	<b>048566</b>

**Software (running on WordPerfect 5.1)**

<i>Small Business Consulting Tool: Diagnostic Review Checklist for Maximizing Profits</i>	<b>055010</b>
<i>Consulting Engagement Letters and Checklists</i>	<b>055011</b>

To obtain any of these publications, call the AICPA Order Department at 800-862-4272, or order via fax at 800-362-5066.

## MANAGEMENT CONSULTING SERVICES MEMBERSHIP SECTION

The Management Consulting Services (MCS) Section serves members who provide business counseling and other management consulting services to for-profit, not-for-profit, and government organizations. Whether you're a relative newcomer or have long-time experience, membership in the MCS Section can benefit you.

### UNIQUE MCS SECTION BENEFITS:

#### Publications

- A copy of each new Statement on Standards for Consulting Services when it is issued.
- To support its members, the MCS Section offers an extensive list of technical, small business, and industry consulting practice aids; practice administration aids; special reports; and other publications. Members automatically receive each new practice aid and special report.
- Timely alerts of vital information on issues impacting your practice, such as pending legislation.

**Section Newsletter** — Every quarter, MCS Section members receive *CPA Management Consultant*, a newsletter written by consultants for consultants. Every issue explores emerging issues and services to help CPAs recognize opportunities for consulting services engagements. Membership in the MCS Section also gives you an opportunity to share ideas with other CPA consultants, either through contributing articles to the newsletter or by becoming involved in the development and writing of MCS practice aids or other publications.

**Peer Network** — You can participate in the Section's Database Referral System, putting you in contact with other Section members who have expertise in various technical areas and industries.

**Vendor Discounts** — Section members are eligible for vendor discounts on hardware, software, and numerous other products designed to make consulting work easier.

**Special Projects and Activities** — The section is involved in ongoing projects designed to help MCS practitioners keep up with current trends and developments in the field. It also monitors proposed legislation that might impact practitioners and the services they provide.

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Please enroll me as a member of the AICPA Management Consulting Services Section through July 31. I am returning this form along with my check for \$100 payable to AICPA. I understand that the \$100 annual fee is prorated\* through July 31, and that it covers all membership benefits. (Membership dues cannot be prorated for less than \$50, half the *regular* annual dues amount.)

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Member Name \_\_\_\_\_ AICPA MEMBER NUMBER \_\_\_\_\_

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Firm \_\_\_\_\_

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Address \_\_\_\_\_

---

City \_\_\_\_\_

State \_\_\_\_\_

Zip \_\_\_\_\_

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Telephone \_\_\_\_\_

Fax Number \_\_\_\_\_

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Signature \_\_\_\_\_

\* Prorated dues 8/1-10/31 \$100, 11/1-1/31 \$75, 2/1-7/31 \$50.

**Don't miss out on valuable MCS Section benefits! Send the completed application with your payment to:**

AICPA — MCS Division Coordinator  
Harborside Financial Center  
201 Plaza Three  
Jersey City, NJ 07311-3881



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