Engagement letter procedure

SOP TEMPLATE

Check this template against your local regulations and your own policies before you use it.

SOP no.		Version		Effective date	
Owner		Approver		Review date	

Purpose

To make sure every client has signed an engagement letter that matches the work the firm does before that work starts, and that it is renewed when the work changes.

Scope

Every new client, every existing client at the start of each year, and every change to the services the firm provides.

Responsibilities

Role	Responsibility
Partner or client manager	Agrees the scope and fees with the client and approves the letter.
Administrator	Prepares, sends and chases the letter, and files it once signed.

Procedure

1. **Confirm the scope and fees**

   Agree with the client which services are included, which aren't, and how each is charged.

2. **Prepare the letter**

   Use the firm's standard letter, and fill in the services, fees, timing and both parties' responsibilities.

3. **Send it for signing**

   Send the letter with an electronic signature request, and chase it after a week.

   > **Caution:** Don't start chargeable work until the letter is signed, unless the partner approves it in writing.

4. **File the signed letter**

   Save it to the client's file and record the date signed in the practice software.

5. **Renew it each year**

   Send updated letters at the start of each financial year, with any fee changes.

6. **Handle scope changes**

   When the client asks for work outside the letter, quote it and send an updated letter or a variation before you start.

Records

- The signed engagement letter for each client and year.
- Any variations agreed for extra work.

Related documents

- Client onboarding checklist

Revision history

Version	Date	What changed	Approved by