# **Example Disengagement Letter**

***The following wording is given as an example. It may not be applicable in every case or be in line with the method of operation of your practice and may consequently need addition or amendment. The letter should be prepared on the practice letterhead and should be marked ‘Private & Confidential’.***

Within the template you should note the following:

1. Guidance and instructions are shown in ***italics***. None of this italicised text is for inclusion in your engagement letters, and you should be careful to ensure that it is removed from the final copy.
2. In some paragraphs, we have provided optional or alternative wording. This is shown in [square brackets] and each suggestion requires your individual consideration and possible amendment.
3. An asterisk\* has been used for those areas where your firm may or may not be offering certain services and, again, each reference will need to be considered on its relevance to the specific engagement.
4. If additional specific information is needed, such as a name or year end, we have indicated this by a dotted line: .................

**Addressee**

***Select the appropriate addressee***

To: the Board of Directors of ....................................... ***insert name***

To: [Mr] [Mrs] [Miss]............................... ***insert name***

To: .........................................**insert Business / client name**

Dear………………………. ***insert salutation***

1. **Purpose**

The purpose of this letter is to set out matters connected with [our decision to cease acting as your accountants\*/ your decision to replace us as your accountants\*] with immediate effect [except to the extent provided for under section 3 of this letter\*].

1. **Summary of Services Provided**

During the course of our professional work for you we have provided the following services:**\* Add or delete as appropriate**

* Acting as Auditors under the Companies Act 2006\*
* Preparation of [statutory/ non-statutory] financial statements in accordance with [……***insert financial reporting framework]*** \*
* Preparation and maintenance of accounting records\*
* Personal tax services \*
* Corporate tax services\*
* Payroll services\*
* Benefits-in-kind returns\*
* VAT returns\*
* Tax investigation
* Other (please specify)\*

These services, together with a summary of the respective responsibilities of both yourselves and us relating to them, and the terms of business on which we provided the service(s), were set out in our Letter of Engagement to you, dated …………..***insert date.***

1. **Current Status Report**

To ensure that you are fully aware of the current status, including applicable dates by which aspects of these services are normally due, we attach to this letter a progress report. This report sets out, by service, information relating to the last completed service cycle, details of progress to date in respect of the current service cycle, and its applicable ‘due date’. This report should assist the firm succeeding us as your accountants to assume responsibility for this work.

[\****If you are continuing any service to a specific date*** In view of the due date relating to …………. ***Service name*** we have agreed to continue with our responsibilities in respect of this service alone and the arrangements as set out in our engagement letter continue to apply until ……………..….. ***insert date***.]

1. **Respective Responsibilities**

With respect to our resignation as your accountants, our responsibilities to you, with the exception of the specific matters referred to in section 3 will cease with immediate effect. You will be solely responsible for identifying another accountant to take on these responsibilities or to satisfy the need for the services that we provided in other ways.

To assist you and any successor, we have drawn your attention to relevant dates associated with the services provided in section 3 (above).

Our responsibilities, on resignation as accountants include those set out in the ICAS Code of Ethics (Section 320) to respond to the enquiry of our successor and disclose, with your consent, any issues or circumstances relevant to their decision to accept or decline appointment. It is also common for practitioners to combine this initial professional enquiry with a request for information and documents relevant to the engagement. We will, unless undue additional work is entailed, be pleased to respond to these enquiries at no additional fee, and would be pleased if you would indicate your agreement to our satisfying these requests by signing and returning to us the authority attached to this letter.

***Special circumstances apply in the case of the end of an audit appointment. These are complex and if you require further guidance then you should contact the*** [***ICAS technical helpdesk***](https://www.icas.com/contact-us/icas-technical-helpdesk) ***.*** [We are required by law to make certain statements in respect of our cessation as your auditor and these are dealt with in our separate letter dated ……. ***insert date***]\*

1. **Retention of Records**

During the course of our work we have collected information from you and other parties acting on your behalf. Some of these records and other items of documentation should be retained by you to satisfy your statutory obligations. We will be pleased to return any original documents or documents that legally belong to you on request.

In accordance with our agreed terms of business, if you fail to collect such records within six months of the date of this letter, we cannot be held responsible for their safekeeping and we may destroy documents and records that we hold without further notice.

Please contact us as soon as possible to make appropriate arrangements for the return of any documents and records which we hold for you.

1. **Confidentiality**

We should also confirm that where we retain confidential information, we shall at all times keep it confidential, except as required by law or as provided for in regulatory, ethical or other professional pronouncements applicable to our engagement.

1. **Third Party Contract Rights**

E&W We would also like to remind you that a person who was not a party to our Agreement concerning the engagement (letter dated ……. ***insert date*** ) will have no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of that Agreement. This clause does not affect any right or remedy of any person, which exists or is available otherwise than pursuant to that Act.

Scot We would also like to remind you that a person who was not a party to our Agreement concerning the engagement (letter dated ……. ***insert date*** ) will have no right under the Contract (Third Party Rights) (Scotland) Act 2017 to enforce any term of that Agreement. This clause does not affect any right or remedy of any person, which exists or is available otherwise than pursuant to that Act.

1. **Limitation of Liability**

The advice that was provided to you during the course of our professional engagement was for your sole use and did not constitute advice to any third party to whom you might have communicated it. We accept no responsibility to third parties for any aspect of our professional services or work that has been or may be made available to them.

[\****If you are continuing any service to a specific date as stated in section 3*** We will continue to provide any remaining professional services outlined in this letter with reasonable care and skill. However, we will not be responsible for any losses [penalties, surcharges, interest or additional tax liabilities\*] arising from the supply by you or others of incorrect or incomplete information, or your or others’ failure to supply any appropriate information or your failure to act on our advice or respond promptly to communications from us [or the tax authorities].

You will not hold us [our/ /principal(s)/ director(s)/ staff], responsible, to the fullest extent permitted by law, for any loss suffered by you arising from any misrepresentation (intentional or unintentional) supplied to us orally or in writing in connection with any work set out in section 3 that we have agreed to complete. You also agree that you will not bring any claim in connection with services we provide to you against any of our partners or employees personally.]

1. **Fees**

With reference to our fees, we calculate that an amount of £………. ***insert amount*** plus VAT, as set out on the attached invoice, remains due from you. This amount has been determined on the basis of the time spent on your affairs by the principal(s) and staff and on the levels of skill or responsibility involved, and is due on presentation.

[A further fee will be due to us in respect of the work set out in section 3 and] if it is necessary to carry out work outside the responsibilities outlined in this letter, we will advise you in advance.]

1. **Applicable Law**

This letter shall be governed by, and construed in accordance with, [Scot Scots] [E&W English] law. The Courts of [Scot Scotland] [E&W England] shall have exclusive jurisdiction in relation to any claim, dispute or difference concerning the engagement letter and any matter arising from it. Each party irrevocably waives any right it may have to object to any action being brought in those courts, to claim that the action has been brought in any inconvenient forum, or to claim that those Courts do not have jurisdiction.

This letter supersedes and takes precedence over our Letter of Engagement, addressed to you and dated …………. ***insert date***.

1. **Confirmation of our Agreement**

We would be grateful if you would confirm your agreement to the terms of this letter by signing and returning the enclosed copy.

If this letter is not in accordance with your understanding of our disengagement, please let us know.

Yours sincerely

..................................***Firm name***

**Acknowledgement**

[I/ We] acknowledge receipt of this letter, which fully records the agreement between us in relation to your resignation as accountants.

[I/ We] consent to you communicating with …………. ***insert name of principal and firm*** whom we have appointed in your place.

[I/ We] also consent to you satisfying any requests that they might have for access to information and/or documents relevant to the engagement. If this is likely to result in additional fees, please contact [me][us] first.

Name………………………………… Signed ....................................................

[For and on behalf of ................................... ***[Director/ Partner]***

Date …………. ***insert date***

**Status report**

***This form has been completed to provide an illustration only***

Client name: ……….…………………………………………….

Date of preparation: ……………………………………………………..

***\* Add or delete services as appropriate and update table based on specific circumstances***

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Service  | Note | Last completed service  | Frequency  | Current status | Date of next service  | Date due by  |
| Preparation of accounts  |  | DD/MM/YY  | Annually  | Complete | DD/MM/YY  | DD/MM/YY  |
| VAT returns  |  | DD/MM/YY  | Quarterly  | Complete | DD/MM/YY  | DD/MM/YY  |
| Payroll services | 1 | DD/MM/YY  | Monthly  | In progress | DD/MM/YY  | DD/MM/YY  |
| P60s  |  | DD/MM/YY  | Annually  | Complete | DD/MM/YY  | DD/MM/YY  |
| Benefits-in-kind returns  |  | DD/MM/YY  | Annually  | Complete | DD/MM/YY  | DD/MM/YY  |
| Corporate tax return  |  | YYYY  | Annually  | Complete | YYYY  | DD/MM/YY |
| Personal tax returns  |  | DD/MM/YY | Annually  | Complete | DD/MM/YY  | DD/MM/YY  |
| …………………… ***Name of service as applicable\**** |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |

### Notes

1. We have agreed to process the payroll in respect of [MM YYYY] provided that you inform us no later than [DD MM YYYY] and provide all relevant information by [DD MM YYYY]. Our previous arrangements concerning fees will apply.