Helpsheet: Disengagement from client

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## Introduction

This helpsheet is intended to help members when preparing a disengagement letter for their services to a client and includes a separate specimen letter with wording for both corporate and non-corporate clients.

The helpsheet provides best practice guidance and does not constitute a professional standard. Given that both the type of service provided, and the nature of client will vary from engagement to engagement, professional judgement should be used in applying this helpsheet.

The example wording for the disengagement letter should therefore be tailored to reflect individual situations. The helpsheet is not intended to provide comprehensive advice for the preparation of disengagement letters and you should refer to additional sources of information where appropriate, including legal advice if necessary.

## Client disengagement

There are times when either you will take a decision to cease acting for a client or alternatively where a client may no longer wish to continue working with you. A disengagement letter can be used to clarify responsibilities with the client during the handover between your firm and the new accountant.

It is important that there is no misunderstanding about what work has been completed and what remains outstanding for the client or their new accountant to deal with. This is particularly important where ongoing and business-critical assignments such as payroll processing or preparation of VAT returns exist.

It is recommended that a clear cut-off point is determined and communicated to the client in respect of your responsibilities. While this communication may be oral with the client or, in some cases, even with the new accountant, a written disengagement letter is best practice.

A disengagement letter provides the client with a clear summary of:

* Matters, both within the terms of engagement and any additional matters, that have been dealt with;
* What remains to be done;
* The date by which any outstanding or incomplete matters need to be completed;
* What further work (if any) your firm will undertake; and
* The fees due from the client, both for past work and any additional work yet to be performed.

A specimen disengagement letter is provided in the [General Practice Manual](https://www.icas.com/professional-resources/practice/knowledge-centre/general-practice-manual/Document-and-file-retention.docx).

## What if the disengagement letter is not returned?

Even if the client fails or refuses to sign the disengagement letter, the fact that such a letter was sent should be of benefit in upholding your firm’s position in any ensuing disagreements.

If the client does not return the disengagement letter, and you were relying on the client’s response to provide you with the authority you need to communicate with the successor accountant, you would usually still need to obtain the client’s authority to respond to any professional enquiry by other means (e.g. an email from the client giving you such permission).

## Specimen documents

[Disengagement letter](https://www.icas.com/professional-resources/practice/knowledge-centre/general-practice-manual/d/2.-Disengagement-from-client-specimen-letter.docx)

[Disengagement checklist](https://www.icas.com/professional-resources/practice/knowledge-centre/general-practice-manual/d/3.-Client-disengagement-checklist-A.docx)

## Further information and assistance

Further assistance and information can be obtained from the Practice Support team. You can contact them through the Practice Support section of the [ICAS Technical helpdesk](https://www.icas.com/contact-us/icas-technical-helpdesk).

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