

[Date]

[Client Name]

[Client Address]

[City, State, Zip Code]

Re: Internal Controls Due Diligence Engagement Letter

Dear [Contact Person Name],

This letter confirms our understanding of the terms and objectives of our engagement to provide internal controls due diligence services to [Company Name] (the "Company") in connection with [Purpose of Engagement, e.g., a potential acquisition/merger/internal audit].

1. Scope of Services

We will perform the following procedures to evaluate the Company's internal control environment:

- Review of existing financial reporting policies and procedures.
- Assessment of the control environment, including management's philosophy and operating style.
- Testing of key controls over significant transaction cycles (e.g., Revenue, Procurement, Payroll).
- Identification of control deficiencies, material weaknesses, or significant deficiencies.
- Evaluation of IT general controls and data security protocols.

2. Objective and Reporting

The objective of this engagement is to provide a report summarizing our findings regarding the design and operating effectiveness of the Company's internal controls. Our report will be intended solely for the information and use of the management of [Company Name] and is not intended to be used by any other party.

3. Management Responsibilities

Management is responsible for:

- The design, implementation, and maintenance of effective internal controls.
- Providing us with unrestricted access to personnel, documents, and records required for our review.
- Ensuring that all financial records and related data are complete and accurate.

4. Fees and Timeline

Our fees for these services are estimated to be [Amount] plus out-of-pocket expenses. We expect to commence the engagement on [Start Date] and deliver our final report by [End Date], provided all requested information is received in a timely manner.

5. Limitation of Liability

Our engagement does not constitute an audit, review, or compilation of financial statements in accordance with professional standards. Accordingly, we will not express an opinion or any other form of assurance on the financial statements of the Company.

Please sign and return the enclosed copy of this letter to indicate your acknowledgment of, and agreement with, the arrangements for our engagement.

Sincerely,

[Your Name/Firm Name]
[Title]

Accepted and agreed to on behalf of [Company Name]:

Signature: _____

Name: [Authorized Signatory Name]

Title: [Title]

Date: [Date]