

[Date]

[Client Contact Name]
[Client Company Name]
[Address]
[City, State, Zip Code]

Re: Royalty Compliance Agreed-Upon Procedures Engagement

Dear [Contact Name],

This letter confirms our understanding of the terms and objectives of our engagement to perform specific agreed-upon procedures regarding the royalty reports submitted by [Licensee Name] to [Client Company Name] for the period [Start Date] to [End Date].

Purpose and Scope of Procedures

The procedures to be performed are solely to assist you in evaluating the compliance of [Licensee Name] with the royalty provisions of the [Name of License Agreement] dated [Agreement Date]. The procedures we will perform are as follows:

- Compare gross sales reported in royalty statements to the Licensee's general ledger and sales journals.
- Verify the mathematical accuracy of royalty calculations based on the rates specified in the Agreement.
- Review a sample of invoices to ensure proper product categorization and pricing.
- Inspect documentation for any deductions or offsets claimed by the Licensee.
- Identify any late payments and calculate applicable interest per the Agreement.

Standards and Limitations

This engagement will be conducted in accordance with the attestation standards established by the [Relevant Accounting Body, e.g., AICPA]. An agreed-upon procedures engagement is substantially less in scope than an examination or audit. Accordingly, we will not express an opinion or a negative assurance. If additional matters come to our attention, we will report them to you.

Reporting

At the conclusion of our engagement, we will issue a written report listing the procedures performed and our findings. This report is intended solely for the information and use of [Client Company Name] and is not intended to be, and should not be, used by anyone other than these specified parties.

Client Responsibilities

You are responsible for the sufficiency of the procedures. You are also responsible for providing us with access to all relevant agreements, royalty statements, and any communication with the Licensee necessary to complete this engagement.

Fees

Our fees for these services will be based on the actual time spent at our standard hourly rates, plus out-of-pocket expenses. We estimate the total fee to be approximately [Amount], unless unforeseen circumstances arise.

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

Sincerely,

[Your Name/Firm Name]

[Title]

Accepted by:

Signature: _____

Name: [Client Representative Name]

Date: _____