

How To Draft An Agreement With Your CPA

Utilizing the services of a Certified Personal Accountant, more commonly referred to as a CPA is very common. There are some things you need to think about when drafting an agreement between you and your CPA. Here are the steps involved in drafting up a legal and proper agreement between you and your CPA that will help you maintain a strong and long lasting relationship between you and your CPA.

Many CPA's require that you have an engagement letter in place. An engagement letter is simply what you and your CPA expect from each other so that there is no confusion as to what services are expected from the CPA and what is expected from you the client. Here are some tips to writing a proper engagement letter.

In your engagement letter to your CPA, always define your expectations from the CPA and the CPA's firm. This will provide an overall statement from you that your CPA's firm can follow as guidelines that state specifically what you expect and want.

Defining what you and your CPA's responsibilities are and what duties you must both perform to make the relationship work, is very important to define in your engagement letter. This will provide a definition of what you both need to do to fulfill your obligations to each other which will help avoid future problems.

Defining the fees that you will incur for the services rendered by your CPA is a very important part of the engagement letter, when done right, will eliminate future financial issues. This will safeguard you against rate adjustments from your CPA and will require that your CPA discuss rate issues with you if they choose to increase any costs for any services rendered that are defined in the engagement letter. You must also know that the fees will only cover services specifically referenced to in the engagement letter. So if you choose to add additional services, it is recommended to draft up a new engagement letter to include these new services and fees.

Sometimes you CPA cannot define actual fees as it may be based upon certain circumstances. For these types of circumstances, discuss in detail why the fees cannot be calculated before hand. Make sure that if the fees cannot be determined before the services are rendered, that you have in your agreement a maximum that you will have to pay or to set a service budget. This will prohibit any outstanding bills. You may also want to include a clause that states that your CPA will also contact you when your budget has almost been reached.

Many times CPA's can use technical language that can become confusing to you. Ask your CPA to use terminology you can understand and to make the words as non technical as possible. This will allow you to feel confident in signing the agreement between you and your CPA. An engagement letter is not only terms you and your CPA agree to abide by, but also is a professional agreement that protects you the client as well as your CPA.