

### **Individual Income “Terms and Conditions” Not Signed by Client**

All things being equal a signed engagement letter is better than an unsigned engagement letter. Sometimes all things are not equal. The reasons to get an engagement letter signed by all clients include establishing an understanding with the client, obtaining representations regarding client recordkeeping and transactions, complying with privacy and confidentiality rules, getting paid, tolling the statute of limitations, framing the specific returns to be prepared, identifying the scope of advice to be provided and obtaining insurance underwriting and claims consideration in the event of a malpractice claim. There are plenty of reasons to make sure that annual signed engagement letters are a regular part of every tax client’s file.

Time, volume and resources are often given as reasons why obtaining client signatures on an engagement letter can be difficult. With the advent of digital signatures and nearly universal internet access it is easier than ever to get clients to sign their engagement letters. Even with the advantages, protections and ease of digital signatures some CPAs prefer not to get signed engagement letters.

In the event of a claim, accounting malpractice defense counsel will always want to see the signed engagement letter as evidence of what the client agreed to. Given the increase in malpractice claims suggesting that the accountant should have helped the client with “all my taxes”, a signed engagement letter identifying the scope of the engagement is more important than ever.

While a signed engagement letter is much better than an unsigned document there are some CPAs who will opt for the unsigned alternative. The Protexure Risk Management team has prepared a Terms and Conditions document designed to be transmitted to clients both at the time that information is to be collected and at the time the tax returns are transmitted to the client.

This template is available to insureds only by logging into the Protexure Accountants Members Only area of our website. If you have questions on access please call us at 888-803-9898 and we will be happy to assist you.