

## For any Engagement – Obtain Engagement Letter Version 2.0



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### Namaste

A Chartered Accountant handles various engagements which includes not only giving opinions on audits and assurance but also, assisting in obtaining GST / Company / LLP / etc. Registrations, assistance in preparation of GST / ITR Returns, etc. The first version of document on this subject was published on 4<sup>th</sup> November 2020 and then revised to include more examples on 5<sup>th</sup> September 2021. Many amendments since then including audit trail, MSME compliance, section 43B(h), etc. have happened. Hence, it was thought to revise the document as version 2.0.

As per various Standards, Guidance Notes (GNs), Study Materials, etc. issued by ICAI, every member should obtain an engagement letter prior to commencement of any engagement. The Standards and (GN) include:

- SA – 210 – Agreeing the terms of Audit engagement.
- Guidance Note on Reports and Certificates for Special Purposes (Revised 2016).
- SA – 800 – Audits of Financial Statements prepared in accordance with special purpose framework.
- SA – 805 – Audits of Single Financial Statements and Specific Elements, Accounts or items of a Financial Statement.
- SA – 810 - Engagements to Report on Summary Financial Statements.
- SRE - 2400 - Engagements to Review Historical Financial Statements.
- SRE – 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity.
- SAE – 3400 - The Examination of Prospective Financial Information.
- SAE – 3402 - Assurance Reports on Controls at a Service Organisation.
- SAE – 3420 - Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus.

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- SRS – 4400 - Engagements to Perform Agreed-upon Procedures regarding Financial Information.
- SRS – 4410 - Compilation Engagements.

An engagement letter is a very important document which defines the scope of the engagement as well as the responsibilities of the client and that of the Chartered Accountant. Hence, a duly signed engagement letter should be obtained for every engagement / assignment before commencement of any engagement including:

- Any type of Audit & Assurance such as:
  - Statutory Audit
  - Tax Audit
  - GST Audit
  - Bank Audits
  - Branch Audits
  - Limited Reviews
  - Internal Audit
  - Management Audit
  - Stock Audit, etc.
- Assisting in getting registrations of:
  - Company
  - LLP
  - GST
  - Society / Trust
  - IEC
  - Trademarks, etc.
- Assisting in preparing returns / statements of:
  - GST

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- Income Tax
- TDS / TCS
- ROC, etc.
- Any type of certificate
- Tax Representation
- Forensic Investigations
- Issue of Opinions, etc

I am sharing draft of some of the engagement letters, which may be amended on case-to-case basis depending on the size and status of the entity, type and nature of engagement and requirement of relevant laws.

For audits, please note that the Centre for Audit Quality Directorate (CAQD) of ICAI has issued a free downloadable excel utilities for engagement letters (EL), wherein by just filling the particulars of the auditee and auditor, the EL would be prepared. The same can be downloaded from <https://www.icai.org/post/centre-for-audit-quality-directorate>

Few draft engagement letters shared in this document are:

S. No.	Engagement Related to	Annexure	Page No.
1	Statutory Audit of Company	A	4
2	Tax Audit of Proprietorship / Partnerships	B	11
3	Assistance in preparation of Income Tax Return	C	16
4	Assistance in preparation of GST	D	18

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	Return		
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Please document each engagement properly for your own benefit and safety. Obtaining an Engagement letter is just a small but very important part of such documentation.

I hope this document is of use to you. Your suggestions and comments would be highly appreciated.

Best Regards

**CA. PRAMOD JAIN**

19<sup>th</sup> March 2024

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### Annexure A

#### Draft Engagement Letter for Statutory Audit of a Company

*(There are various examples of audit engagement letters available as Appendix 1 to SA 210. In the annexure to this document amend the draft as per applicable engagement where there is no applicability of consolidated financial statements and / or Internal Financial Controls for Financial Reporting or branch auditors)*

Date:

To,

The Board of Directors

<NAME OF THE COMPANY>

<Address>

Re: Statutory of the Company for the financial year 20xx-20xx

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Dear Sir(s),

### **Objective and Scope of the audit**

We refer to your letter dated \_\_\_\_\_ informing us about our appointment / re-appointment as the auditors of the Company. You have requested that we audit the financial statements of the Company as defined in Section 2(40) of the Companies Act, 2013 ('2013 Act'), for the financial year(s) beginning April 1, 20XX and ending March 31, 20YY. The financial statements of the Company include, where applicable, consolidated financial statements of the Company and of all its subsidiaries, associate companies and joint ventures. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter.

Our audit will be conducted with the objective of our expressing an opinion if the aforesaid financial statements give the information required by the 2013 Act in the manner so required, and give a true and fair view in conformity with the applicable accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 20YY, and its profit/loss and its cash flows for the year ended on that date. In forming our opinion on the financial statements, we will rely on the work of branch auditors appointed by the Company and my / our report would expressly state the fact of such reliance.

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with standards on auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

### **Responsibilities of the Auditor**

We will conduct our audit in accordance with standards on auditing (SAs) specified under section 143(10) of the 2013 Act. Those standards require that we comply with the ethical requirements. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from

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- error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, in case we are required to express our opinion on whether the company has adequate internal financial controls system in place and whether such controls are operating effectively, we shall communicate our terms of engagement related to that assignment through a separate engagement letter.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) The auditor's responsibility includes:
- to read the other information;
  - consider whether the other information is materially inconsistent with the financial statements or the knowledge obtained in the audit or otherwise appears to be materially misstated; and
  - if, based on the work performed, the auditor concludes that there is a material misstatement of this other information, the auditor is required to report that fact.

Because of inherent limitations of an audit, including the possibility of collusion or improper management override of controls, there is an unavoidable risk that material misstatements due to fraud or error may occur and not be detected, even though the audit is properly planned and performed in accordance with SAs.

We communicate with those charged with governance regarding, among other

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matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

### **Responsibilities of Management and identification of applicable financial reporting framework**

Our audit will be conducted on the basis that the Management with the oversight of those charged with governance (Audit Committee / Board) acknowledge and understand that they have the responsibility of:

- (a) The preparation of financial statements that give a true and fair view in accordance with the applicable Financial Reporting Standards and other generally accepted accounting principles in India. This includes:
- Compliance with the applicable provisions of the 2013 Act;
  - Proper maintenance of accounts as required by law including having adequate audit trail in place and other matters connected therewith;
  - The responsibility for the preparation of the financial statements on a going concern basis;
  - The preparation of the annual accounts in accordance with, the applicable accounting standards and providing proper explanation relating to any material departures from those accounting standards;
  - Selection of accounting policies and applying them consistently and making judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
  - Taking proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the 2013 Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
  - Identification of suppliers being micro or small enterprises and compliance of sections 15 to 23 of the MSMED Act, 2006;
  - Laying down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively;
  - Devising proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating



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- effectively; and
- Maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records.
- (b) Identifying and informing us of financial transactions or matters that may have any adverse effect on the functioning of the Company.
- (c) Identifying and informing us of:
- All the pending litigations and confirming that the impact of the pending litigations on the Company's financial position has been disclosed in its financial statements;
  - All material foreseeable losses, if any, on long term contracts including derivative contracts and the accrual for such losses as required under any law or accounting standards; and
  - Any delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
  - Any funds having been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
  - Any funds having been received by the company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
  - The dividend declared or paid during the year by the company in compliance with section 123 of 2013 Act.



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- Usage of accounting software for maintaining books of account which has a feature of recording audit trail facility and its operation throughout the year for all transactions recorded in the software without being tampered and preservation as per the statutory requirements for record retention.
- (d) Informing us of facts that may affect the financial statements, of which Management may become aware during the period from the date of our report to the date the financial statements are issued.
- (e) Identifying and informing us as to whether any director is disqualified as on March 31, 20YY from being appointed as a director in terms of Section 164 (2) of the 2013 Act. This should be supported by written representations received from the directors as on March 31, 20YY and taken on record by the Board of Directors.
- (f) To provide us, *inter alia*, with:
- Access, at all times, to all information, including the books, accounts, vouchers and other records and documentation of the Company, whether kept at the Head Office or elsewhere, of which the Management is aware that are relevant to the preparation of the financial statements such as records, documentation and other matters. This will include books of account maintained in electronic mode and any of these may be required to be make available at our office premises for the purpose of this engagement;
  - Access, at all times, to the records of all the subsidiaries (including associate companies and joint ventures as per Explanation to Section 129(3) of the 2013 Act) of the Company in so far as it relates to the consolidation of its financial statements, as envisaged in the 2013 Act;
  - Access to reports, if any, relating to internal reporting on frauds (e.g., vigil mechanism reports etc.), including those submitted by cost accountant or company secretary in practice to the extent it relates to their reporting on frauds in accordance with the requirements of section 143(12) of the 2013 Act;
  - Additional information that we may request from the Management for the purposes of our audit;
  - Unrestricted access to persons within the Company from whom we deem it necessary to obtain audit evidence. This includes our entitlement to require from the officers of the Company such information and explanations as we may think necessary for the performance of our duties as the auditors of the Company;
  - All the required support to discharge our duties as the statutory auditors as

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stipulated under the Companies Act, 2013/ ICAI standards on auditing and applicable guidance.

- Assessment of the Going Concern Assumption of the Company
- Prepare and share the other information in the annual report as required by SA 720.

(h) To understand that the audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

As part of our audit process, we will request from the Management written confirmation concerning representations made to us in connection with our audit.

Our report prepared in accordance with relevant provisions of the 2013 Act would be addressed to the shareholders of the Company for adoption of the accounts at the Annual General Meeting. In respect of other services, our report would be addressed to the Board of Directors. The form and content of our report may need to be amended in the light of our audit findings.

In accordance with the provisions of Section 143(12) and 143(13) of the 2013 Act, if in the course of performance of our duties as auditor, we have reason to believe that an offence involving fraud is being or has been committed against the Company by officers or employees of the Company, we will be required to report to the Central Government, in accordance with the rules prescribed in this regard which, *inter alia*, requires us to forward our report to the Board or Audit Committee, as the case may be, seeking their reply or observations, to enable us to forward the same to the Central Government. Such reporting will be made in good faith and, therefore, cannot be considered as breach of maintenance of client confidentiality requirements or be subject to any suit, prosecution or other legal proceeding since it is done in pursuance of the 2013 Act or of any rules or orders made thereunder.

We also wish to invite your attention to the fact that our audit process is subject to 'peer review' / 'quality review' under the Chartered Accountants Act, 1949 and / or Review by NFRA. The reviewer(s) may inspect, examine or take abstract of our working papers during the course of the peer review/quality review/ review by NFRA.

We may involve specialists and staff from our affiliated network firms to perform certain specific audit procedures during the course of our audit.

In terms of Standard on Auditing 720 – “The Auditor’s Responsibility in Relation to Other Information in Documents Containing Audited Financial Statements” issued by the ICAI and deemed to be prescribed by the Central Government in accordance with Section 143(10) of the 2013 Act, We request you to provide to us a draft of the Annual Report containing the audited financial statements so as to enable us to read the same and communicate material inconsistencies, if any, with the audited financial statements, before issuing the auditor’s report on the financial statements.

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### Other Relevant Information

The working papers for this engagement are the property of <AUDIT FIRM> and constitute confidential information. However, we may be requested to make certain working papers available to any authority/person pursuant to prevailing law or any regulation. If requested, access to such working papers will be provided under the supervision of <AUDIT FIRM> personnel. Further, specific figures related to this engagement will have to be shared with the regulators (ICAI) while generating UDIN. Also, if the financial data, requirements, documents, books, details, etc. are provided in electronic mode through e-mails or otherwise by either party, it would be at the sole risk of the company, in case of physical documents and books, the same shall be taken back as soon as the verification is completed, we shall in no case be responsible for leakage, loss or hacking of such information/data.

Any dispute relating to this engagement shall be subject to Delhi courts / authorities. However, in any case the limitation of our responsibility being financial or otherwise due to this engagement shall not exceed one time the fee received for this engagement. Also, in any case, none of the parties shall file any suit in any court or authority(ies) other than for non-compliance of laws related to this engagement. Further, in case any third-party files any suit relevant to this engagement in any court (other than with ICAI or NFRA), the auditee shall bear the cost of the litigation of the auditor too.

In case income tax / MCA return is furnished online from auditor's premises and the auditee has brought the required digital signatures (DSC) to the auditor's office staff for the digital signing of the IT / MCA return, we shall not in any case be liable for the accuracy, correctness or any other matter related to IT / MCA Return or the safety / usage of the DSC.

If you intend to publish or otherwise reproduce the financial statements and make reference to our firm, you agree to provide us with printers' proofs or masters for our review and approval before printing. You also agree to provide us with a copy of the final reproduced material for our approval before it is distributed. The report shall not be inferred or used for any purpose other than for which it was specifically prepared.

Our fees and out-of-pocket expenses for the audit of the financial statements for the year have been fixed by the members at the Annual General Meeting to be mutually agreed between the Board of Directors of the Company and ourselves. We will bill as the work progresses. We will notify you promptly of any circumstance we encounter that could significantly affect our estimate of fees and discuss with you any additional fees, as necessary.

This letter should be read in conjunction with my/ our letter dated \_\_\_ for the Audit of Internal Financial Controls over Financial Reporting under the 2013 Act, in respect of

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which separate fees have been fixed / will be mutually agreed.

We look forward to full cooperation from your staff during our audit.

Please sign and return the attached copy of this letter to indicate your acknowledgement of, and agreement with, the arrangements for my / our audit of the financial statements including our respective responsibilities.

Yours faithfully,

Signature on behalf of <AUDIT FIRM>	
Date: Place:	CA. .... PARTNER

Acknowledged on behalf of <NAME OF THE COMPANY>

Signature of Director	
Date: Place:	Name of Managing Director/WTD /Director/CFO Designation

### Annexure B

#### Draft Engagement Letter for Tax Audit of Proprietorship / Partnership

Date:

To,

The Partner / Proprietor

(NAME OF THE ENTITY)

(Address)

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Dear Sir(s),

### Objective and Scope of the audit

We refer to the letter dated \_\_\_\_\_ informing us about our appointment as the tax auditors' u/s 44AB of the Income Tax Act, 1961 of the (name of the Entity), covering the Form No. 3CB/3CD. You have requested that we conduct the said audit of your concern for the financial year beginning April 1, 20XX and ending March 31, 20YY. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter. However, you need to add us as your Chartered Accountant for this purpose for issuance and uploading of Form 3CB/3CD on the website maintained by the income tax department for this purpose.

Our audit will be conducted with the objective of our expressing an opinion on Form 3CD and financial statements that give a true and fair view in conformity with the applicable Accounting Standards issued by Institute of Chartered Accountants of India (ICAI) and accounting principles generally accepted in India, of the state of affairs of the Concern as at 31st March, 20YY, and its profit / loss for the year ended on that date.

The objectives of our audit of financial statements are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with standards on auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

### Responsibilities of the Auditor

We will conduct our audit in accordance with the Standards on Auditing (SAs), issued by the Institute of Chartered Accountants of India (ICAI) and generally accepted in India and with the requirements of Income Tax Act 1961. Those standards require that we comply with the ethical requirements. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the audit to obtain reasonable assurance about whether the particulars furnished in Form 3CB/3CD are true and correct.
- Examining, on a test basis, performing procedures to obtain evidence about the amounts and the disclosures in the Form 3CD.

Because of inherent limitations of an audit, including the possibility of collusion or improper management override of controls, there is an unavoidable risk that material misstatements due to fraud or error may occur and not be detected, even though the audit is properly planned and performed in accordance with SAs.

In making our risk assessments, we consider internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on



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the effectiveness of the entity's internal control. However, we will communicate to you in writing concerning any significant deficiencies in internal control relevant to the audit of the financial statements that we have identified during the audit.

The form and content of our report in Form No. 3CB may need to be amended in the light of our audit findings. As per the requirements of the Income Tax Laws we shall upload our report in Form 3CB/3CD on the website maintained by the income tax department for this purpose.

### **Responsibilities of Management and identification of applicable financial reporting framework**

Our audit will be conducted on the basis that the Management with the oversight of acknowledge and understand that they have the responsibility of:

- (a) The preparation of financial statements that give a true and fair view in accordance with the applicable Financial Reporting Standards and other generally accepted accounting principles in India. This includes:
- Compliance with all the applicable laws to the concern;
  - Proper maintenance of accounts and other matters connected therewith;
  - The responsibility for the preparation of the financial statements on a going Concern basis as per the formats prescribed by the ICAI;
  - The preparation of the annual accounts in accordance with, the applicable Accounting Standards and providing proper explanation relating to any material departures from those accounting standards;
  - Selection of accounting policies and applying them consistently and making judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the entity at the end of the financial year and of the profit and loss of the entity for that period;
  - Applicability of Proviso to section 44AB(a) pursuant to receipts of cheques / drafts each being below Rs. 2 Lacs for invoices raised each below Rs 2 Lacs, making the receipts exceed 5% limit in cash [*Where turnover is below Rs. 10 Crores and audit is applicable due to Proviso to section 44AB(a)*];
  - Identification of suppliers being micro or small enterprises and compliance of sections 15 to 23 of the MSMED Act, 2006;
  - Laying down internal financial controls to be followed by the entity and that such internal financial controls are adequate and were operating effectively;
  - Devising proper systems to ensure compliance with the provisions of all applicable laws and that such system were adequate and operating effectively;



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- (b) Preparation of information in Form 3CD that gives true & correct view of all particulars furnished therein;
- (c) Adding us as your Chartered Accountant for issuance and uploading of Form 3CA/3CB on the website maintained by the income tax department for this purpose well before the time;
- (d) Informing us of facts that may affect the information in financial statements and / or Form 3CD, of which Management may become aware during the period from the date of our report to the date the financial statement / Form 3CB are issued;
- (e) To provide us, *inter alia*, with:
  - Access, at all times, to all information, including the books, accounts, vouchers and other records whether electronic or otherwise including access to your relevant account on statutory authority compliance websites and documentation of the Concern, whether kept at the Head Office or elsewhere, of which the Management is aware that are relevant to the preparation of financial statements and Form 3CD such as records, documentation and other matters. This will include books of account maintained in electronic mode and any of these may be required to be make available at our office premises for the purpose of this engagement;
  - Additional information that we may request from the Management for the purposes of our audit;
  - Unrestricted access to persons within the entity from whom we deem it necessary to obtain audit evidence. This includes our entitlement to require from the officers of the entity such information and explanations as we may think necessary for the performance of our duties as the tax auditors of the entity; and
  - All the required support to discharge our duties as the tax auditors as stipulated under the Guidance Notes on Tax Audit / ICAI standards on auditing and applicable guidance.
  - Assessment of the Going Concern Assumption
- (f) To understand that the audit of the financial statements does not relieve management or those charged with governance of their responsibilities

As part of our audit process, we will request from the Management written confirmation concerning representations made to us in connection with our audit.

We also wish to invite your attention to the fact that our audit process is subject to 'peer review' under the Chartered Accountants regulations. The reviewer(s) may

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inspect, examine or take abstract of our working papers during the course of the peer review.

We may involve specialists and staff from our affiliated network firms to perform certain specific audit procedures during the course of our audit.

### **Other Relevant Information**

The working papers for this engagement are the property of <AUDIT FIRM> and constitute confidential information. However, we may be requested to make certain working papers available to any authority/person pursuant to prevailing law or any regulation. If requested, access to such working papers will be provided under the supervision of <AUDIT FIRM> personnel. Further, specific figures related to this engagement will have to be shared with the regulators (ICAI) while generating UDIN. Also, if the financial data, requirements, documents, books, details, etc. are provided in electronic mode through e-mails or otherwise by either party, it would be at the sole risk of the auditee, in case of physical documents and books, the same shall be taken back as soon as the verification is completed, we shall in no case be responsible for leakage, loss or hacking of such information/data.

Any dispute relating to this engagement shall be subject to Delhi courts / authorities. However, in any case the limitation of our responsibility being financial or otherwise due to this engagement shall not exceed one time the fee received for this engagement. Also, in any case, none of the parties shall file any suit in any court or authority(ies) other than for non-compliance of laws related to this engagement. Further, in case any third-party files any suit relevant to this engagement in any court (other than with ICAI), the auditee shall bear the cost of the litigation of the auditor too.

If you intend to publish or otherwise reproduce the financial statements and / or tax audit report and make reference to our firm, you agree to provide us with printers' proofs or masters for our review and approval before printing. You also agree to provide us with a copy of the final reproduced material for our approval before it is distributed. The report shall not be inferred or used for any purpose other than for which it was specifically prepared.

In case income tax return is furnished online from auditor's premises and the auditee has brought the required digital signatures (DSC) to the auditor's office staff for the digital signing of the IT return, we shall not in any case be liable for the accuracy, correctness or any other matter related to IT Return or the safety / usage of the DSC.

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**CA. PRAMOD JAIN**

**B. COM (H), FCA, FCS, FCMA, LL.B, DISA, MIMA, IP**

We look forward to full cooperation from your management and staff and we trust that they shall make available to us reasonable access to all records, documents, and other information as requested by our team from time to time and shall be responsible for both the completeness and accuracy of the information supplied to us.

Our fees and out-of-pocket expenses for the tax audit for the year have been fixed by Management and ourselves. We will bill the same as the work progresses. We will notify you promptly of any circumstance we encounter that could significantly affect our estimate of fees and discuss with you any additional fees, as necessary. However, any cost in relation to this engagement to appear before any authority, enforcement or any regulator shall be at your cost only. Our liability shall be restricted to the extent of our fees only.

We look forward to full cooperation from your staff during our audit.

Please sign and return the attached copy of this letter to indicate your acknowledgement of, and agreement with, the arrangements for my / our audit of the financial statements including our respective responsibilities.

Yours faithfully,

Signature on behalf of <AUDIT FIRM>	
Date: Place:	CA. .... PARTNER

Acknowledged on behalf of <<NAME OF THE ENTITY>>

	<i>Signature of Partner/Proprietor</i>
Date: Place:	Name of Partner/Proprietor Designation

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### Annexure C

#### Draft Engagement Letter for assistance in preparation of Income Tax Return

Date

To

.....

**Name of the Entity / Assessee**

Address

#### **Re: Providing assistance in preparation of Income Tax Return for AY 20XX-XX**

This letter is to confirm our understanding of the terms of engagement for providing assistance in Income Tax Return preparation for AY 20XX-XX and the nature and limitations of the assistance service that we provide.

The responsibility for the accuracy, genuineness and completeness of the incomes, expenditures, investments, deductions, disallowance, particulars and other information provided to us rests solely with the assessee. The assessee is responsible for identification of suppliers being micro or small enterprises and compliance of sections 15 to 23 of the MSMED Act, 2006 read with section 43B(h) of the Income Tax Act, 1961. The assessee has obligation under relevant laws and regulations to keep full and proper records and documents for which the assistance is to be provided. Also, the books of accounts, documents and details provided by the assessee to < CA Firm > is given to provide assistance to the assessee to prepare his/its IT return.

This engagement shall only be for the specific purpose of assisting the assessee in preparation of his/its Income Tax Return which shall not constitute an audit or review and accordingly no assurance shall be provided. The procedures that we will perform are solely to assist you for the specifically agreed purposes.

*In case of assistance in ITR preparation, where business turnover is between Rs. 1 Crore to Rs. 10 crore and tax audit is not required:*

The assessee understands and confirms that though the sales / turnover / gross receipts of its/his business exceed Rs. 1 crore but does not exceed Rs. 10 crores and aggregate of receipts and aggregate of payments during the year does not exceed 5% of the total receipts and total payments respectively in cash (including non-account payee cheques/drafts) during the year, hence there is no requirement of tax audit due to proviso to section 44AB (a) of the Income

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Tax Act, 1961. Accordingly, the CA firm is not required to conduct and issue tax audit report under section 44AB of the Income Tax Act, 1961.

Any assistance provided is at the request of the assessee will be on the basis of documents and other evidences provided to us. The assessee is also responsible for making all the disclosures which will affect our services. We are only assisting the assessee in preparing the return in his presence and have no responsibility of return filed by the assessee with the department or the information / data contained therein.

The documentary evidence for the engagement will constitute confidential information. However, we may be requested to make certain documents available to any authority/person pursuant to prevailing law or any regulation. If requested, access to such documents will be provided under the supervision of < CA Firm > personnel.

< CA Firm > would not be responsible for any liability on account of taxation or compliance of any other law in force arising from the assistance services so provided.

We look forward to full cooperation from you/your management and staff and we trust that they shall make available to us reasonable access to all records, documents, and other information as requested by our team from time to time and shall be responsible for both the completeness and accuracy of the information supplied to us. In case income tax return is furnished online by you from our premises and you (assessee) have brought the required digital signatures (DSC) to our office staff for the digital signing of the IT return, we shall not in any case be liable for the accuracy, correctness or any other matter related to IT Return or the safety / usage of the DSC.

Our professional fee shall be billed on issue of assistance provided. However, in any case the limitation of our responsibility being financial or otherwise due to this engagement shall not exceed one time the fee received for this engagement. Also, in any case, none of the parties shall file any suit in any court or authority(ies) other than for non-compliance of laws related to this engagement. Further, in case any third-party files any suit relevant to this engagement in any court, the assessee shall bear the cost of the litigation of < CA Firm > too.

Kindly sign and return the duplicate copy of this letter to indicate that it is in accordance with your understanding of the assistance work carried on by us as per this engagement.

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Version 2.0**



**CA. PRAMOD JAIN**

**B. COM (H), FCA, FCS, FCMA, LL.B, DISA, MIMA, IP**

Signature on behalf of < CA Firm >	
CA.	Date:

Acknowledged on behalf of by: \_\_\_\_\_

Signature of Assessee / Authorised Person	
M/s	Date:

**Annexure D**

**Draft Engagement Letter for GST or GST Return**

**Date:**

To

.....

**Name of the Entity / Dealer**

*Address of the entity*

**Re: Providing assistance in GST Return preparation for the FY 20XX-XX**

This letter is to confirm our understanding of the terms of engagement for providing assistance to you/your entity in GST return preparation for the FY 20XX-XX and the nature and limitations of the assistance service that we provide. Any assistance provided at the request of management will be on the basis of documents and other evidences provided to us. The management is also responsible for making all the disclosures which will affect our services.

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The responsibility for the accuracy, genuineness and completeness of the documents, particulars and information provided to us rests solely with the management / dealer and also includes:

- The responsibility for compliances with the GST laws, comprising the Union Territory Goods and Services Tax / Central Goods and Services Tax / State Goods and Services Tax Act, 2017 and Integrated Goods and Services Tax Act, 2017 and the respective rules framed thereunder.
- The responsibility for maintenance of adequate and accurate accounting records, goods movement records and internal controls for preventing and detecting fraud or other irregularities.
- The responsibility for devising proper systems to ensure that there is no unrecorded Sale or purchase of goods and services and there is no bogus sale or purchase of goods and services recorded.
- The responsibility to ensure that the sale or purchase of goods and services recognised in the books of the dealer are genuine and belongs to the dealer only.
- The responsibility that there is no Input tax credit availed which is legally not allowed to be availed and there is no bogus input credit availed.
- The responsibility for the accuracy, genuineness and completeness of the revenues, expenditures, invoices / bills and other information provided to us rests solely with the dealer.

The dealer has obligation under relevant laws and regulations to keep full and proper records and documents for which the assistance is to be provided. Also, the books of accounts, documents and details provided by the dealer to <CA Firm> is given only to provide assistance to the dealer in GST return preparation.

This engagement shall only be for the specific purpose of providing assistance to the dealer in GST Return preparation which shall not constitute an audit or review and accordingly no assurance shall be provided. The procedures that we will perform are solely to assist you for the specifically agreed purposes.



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Any assistance provided is at the request of the assessee will be on the basis of documents and other evidences provided to us. The assessee is also responsible for making all the disclosures which will affect our services. We are only assisting the assessee in preparing the return in his presence and have no responsibility of return filed with the department or the information / data contained therein.

The documentary evidence for the engagement will constitute confidential information. However, we may be requested to make certain documents available to any authority/person pursuant to prevailing law or any regulation. If requested, access to such documents will be provided under the supervision of < CA Firm > personnel. If the financial data, requirements, documents, books, details, etc. are provided in electronic mode through e-mails or otherwise by either party, it would be at the sole risk of the dealer. In case of physical documents and books, the same shall be taken back as soon as the engagement is completed. We shall in no case be responsible for leakage, loss or hacking of such information/data. Any dispute relating to this engagement shall be subject to Delhi courts / authorities.

< CA Firm >. would not be responsible for any liability on account of taxation or compliance of any other law in force arising from the assisting services so provided.

We look forward to full cooperation from your management and staff and we trust that they shall make available to us reasonable access to all records, documents, and other information as requested by our team from time to time and shall be responsible for both the completeness and accuracy of the information supplied to us. In case GST return is furnished online from our premises and the dealer has brought the required digital signatures (DSC) to our office staff for the digital signing of the GST return, we shall not in any case be liable for the accuracy, correctness or any other matter related to GST Return or the safety / usage of the DSC.

Our fees and out-of-pocket expenses for this engagement have been fixed by the Board of Directors / Management / Partners / proprietor and ourselves. We will bill as the work progresses. However, in any case the limitation of our responsibility being financial or otherwise due to this engagement shall not exceed one time the fee received for this engagement. Also, in any case, none of the parties shall file any suit in any court or authority(ies) other than for non-compliance of laws related to this engagement. Further, in case any third-party files any suit relevant to this engagement in any court, the assessee shall bear the cost of the litigation of < CA Firm > too.

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Kindly sign and return the duplicate copy of this letter to indicate that it is in accordance with your understanding of the engagement of the assistance work carried on by us from time to time of your entity.

Signature on behalf of < CA Firm >	
CA.	Date:

Acknowledged on behalf of by: **Name of the Entity / Dealer**

Signature of	
Mr. -----	Date:

**(Disclaimer:** Though full efforts have been made to state the interpretations correctly, yet the author is not responsible / liable for any loss or damage caused to anyone due to any mistake / error / omissions)

### ABOUT CA. PRAMOD JAIN

He is a commerce graduate [B. Com (H)] from Shri Ram College of Commerce (SRCC). He is a fellow member of the Institute of Chartered Accountants of India (FCA). He is a fellow member of the Institute of Companies Secretaries of India (FCS). He is a fellow member of the Institute of Cost Accountants of India (FCMA). He is a Bachelor of Law (LL.B). He has qualified Information System Auditor [DISA (ICAI)]. He is also a member of All India Management Association (MIMA). He is also an Insolvency Professional (IP). He has also passed the Certificate Course on CSR of ICAI. He has also passed the Proficiency Self-Assessment Test for Independent Director's Databank. He has passed certification course NCFM of National Stock Exchange of India (NSE). He has also done certification course CAAT and post qualification certificate course on Valuation of ICAI.

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**CA. PRAMOD JAIN**

**B. COM (H), FCA, FCS, FCMA, LL.B, DISA, MIMA, IP**

He is elected as Central Council Member of ICAI for the period 2019 to 2022 and from 2022 to 2025. Apart from being member in more than 25 committees / groups / directorates of ICAI, and other Bodies he is / was:

- Chairman of Accounting Standards Board (ASB) of ICAI for 2022-23, 2023-24 and 2024-25
- Deputy Convenor of Centre for Audit Quality Directorate (CAQD) for 2024-25
- Convenor - Members & Students (Grievances Handling & e-Sahayata) Directorate for 2023-24
- Chairman of Accounting & Finance Services Sectional Committee SSD-12 under the Services Sector Division Council (SSDC) of Bureau of Indian Standards (BIS) for 2023-24
- Chairman of Expert Advisory Committee (EAC) of ICAI for Year 2022-23
- Co-Chairman of Corporate Affairs Committee of PHDCCI for the year 2022-23
- Chairman of Committee on International Taxation (CITAX) of ICAI for 2021-22
- Chairman of Taxation Audit Quality Review Board (TAQRB) of ICAI for the year 2021-22.
- Member of Quality Review Board (QRB) from 2020 to 2023 and again from 2023 to 2026.
- Member of the SME Implementation Group (SMEIG) of IFRS Foundation, UK for 3 yrs from 2023 to 2026.
- Chairman of Valuation Standards Board (VSB) of ICAI for the year 2020-21.
- Chairman of CSR Committee of ICAI for year 2020-21.
- Vice-Chairman of Committee on MSME & Start-up of ICAI for the year 2021-22.
- Vice-Chairman of Women Members Empowerment Committee (WMEC) of ICAI for 2021-22.
- Vice-Chairman of Direct Tax Committee (DTC) of ICAI for year 2019-20 and 2020-21.
- Vice-Chairman of Committee on International Taxation (CITAX) of ICAI for Year 2019-20.
- Member of ICAI Disciplinary Committee for the year 2020-21.

He is the conceptualizer of the portal [www.expertspanel.in](http://www.expertspanel.in) which is a one stop solution for all professional queries which has given more than 36000 answers since its launch in mid of year 2018.

He has delivered more than 1700 lectures and articles on various topics of Income Tax, Corporate Laws, LLP, Audits, Peer Review, Quality Review, etc. at more than 200 forums throughout the country. Most of his presentations and articles since 2013 are available for free download from [www.lunawat.com](http://www.lunawat.com) and from 2018 at [www.expertspanel.in](http://www.expertspanel.in) also.

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He is Senior Partner of **M/s LUNAWAT & CO.**, Chartered Accountants. He is president, founder convener and member of various Boards, Directorate, Committees, Study Circles, etc. of ICAI, ICSI and other prestigious bodies and associations. He has been a Technical Reviewer with FFRB and Quality Review Board (QRB) and Peer Reviewer with Peer Review Board (PRB).

He has authored books on “*Chartered Accountant’s Documentation and Compliance for Audits and Reviews*”, *Limited liability Partnership – A Complete Resource Book*”, “*Chartered Accountant’s Documentation and Compliance for Audits and Reviews*”, “*Importance of LLP after Companies Act, 2013*”, “*Chartered Accountant’s Documentation and compliance under Companies Act 2013, Peer Review and Quality Review*”, “*Limited Liability Partnership – Law, Procedures and Taxation*”, “*Documentation for Chartered Accountants*”, “*Limited Liability Partnership – Law and Procedures with Ready Reckoner*”, “*Fringe Benefit Tax & Banking Cash Transaction Tax*”, “*Documentation for Audits*” and “*Accounting Standards and CARO*”.

He has written various articles on taxation, company law and audit in various journals. He has a vast practical experience in income tax, audit, corporate laws and LLP.