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incorporate templates for letters and documents as you accept engagements and produce valuation reports to enhance the valuation practice's efficiency.

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In the hustle and bustle of running your valuation practice, it can be convenient to incorporate templates for letters and documents as you accept engagements and produce valuation reports to [enhance the valuation practice's efficiency](#).

A standard format for engagement letters can be helpful to ensure that you have covered various aspects of the engagement when you discuss performing a valuation with the client and to ensure the valuation specialist is protected from a liability standpoint. After all, the last thing a valuation specialist wants is to have a client expecting one thing from a valuation and getting something else at the end of the process.

When was the last time you examined your engagement letter to make sure it reflects the most current best practices? Various professional associations for valuation specialists recommend updating engagement letters on a regular basis, and the AICPA suggests seeking the advice of a lawyer or risk management advisor

periodically. Incorporating several key pieces of information will help document the

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assignment, it is important to describe why the client is seeking the valuation.

3. **Valuation standards** expected to be applied. The AICPA's Statement on Standards for Valuation Services No. 1 (**SSVS No. 1**) applies to AICPA members performing valuations for certain purposes, while the American Society of Appraisers has its own **Business Valuation Standards**. The National Association of Certified Valuators and Analysts (NACVA) also has **standards** applicable to its members.
4. **Effective date** of the valuation. It's important to note the specific date for which the valuation opinion applies, since circumstances and timing can affect valuations.
5. **Description** of the asset or liability being valued. Is this a business or an intangible asset? Is it an ownership interest or a security?
6. **Timeline**. What is the targeted timeline for performing the valuation?
7. **Clarification of services**. Are there specific services (such as an audit or review) that are or are not part of the valuation engagement? Spell those out.
8. **Work product** expected to be produced. How will the results of the valuation services be communicated?
9. **What is expected from the client**. What materials will the client need to provide, and what responsibilities does the client have to fulfill in order ensure the work is completed?
0. **Fees**. Is the payment based on a flat fee, a retainer, a drawdown methodology or some other system?
11. **Assumptions/limits**. What are the situations and limiting conditions on the valuation analysis?
2. **Resolving disputes**. Describe terms that would apply to the client and valuation specialist in the event of a dispute regarding the work.

Professional liability insurance carriers may have sample engagement letters that can help you develop or revise your firm's template. Samples may also be found on resources sections of websites for the various associations.

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