



Client Termination Practitioner Checklist

Client name and number _____

Prepared by _____ Date _____ Reviewed by _____ Date _____

Purpose of checklist: To guide practitioners through important reminders pertaining to a client termination.

100) General	Yes/ Done	No/ N/A
▶ 101) If a client terminated the relationship with the firm, have the CPA in charge follow up with the client via phone to understand why and document the reason. • If there are lessons learned for the firm and/or staff, hold appropriate training sessions and conversations with staff to improve client services. • If there are liability concerns, consult the firm’s professional liability insurance carrier and/or attorney. • Consider reviewing the <i>Journal of Accountancy</i> article: Take a hike: Ending client relationships .	<input type="checkbox"/>	<input type="checkbox"/>
▶ 102) Determine if work in progress (WIP) is billable. If yes, prepare the final bill for the client. If no, clear all WIP in the billing software.	<input type="checkbox"/>	<input type="checkbox"/>
▶ 103) Once it is determined that there is no additional time to be charged to the client, mark the client inactive in the billing software.	<input type="checkbox"/>	<input type="checkbox"/>
▶ 104) Deactivate the client from any client communication and practice management system (regular contact lists, newsletters, data mining, etc.).	<input type="checkbox"/>	<input type="checkbox"/>
▶ 105) Cancel any outstanding projects in any project tracker system.	<input type="checkbox"/>	<input type="checkbox"/>
▶ 106) Withdraw all powers of attorney (POAs) on file for the client with the IRS and/or state or local tax departments. Consult the AICPA Tax Section’s IRS third-party authorization guidance .	<input type="checkbox"/>	<input type="checkbox"/>
▶ 107) If the current tax year’s return is not complete (and will not be completed due to the client termination), delete it from the firm’s tax preparation system. If the current tax year’s return is complete, mark the client as inactive in the tax software so that it is excluded from next year’s proforma.	<input type="checkbox"/>	<input type="checkbox"/>

100) General (cont.)

Yes/
Done No/
N/A

- ▶ 108) Send written notification (recommended by certified mail, return receipt) to the client; review the [AICPA Member Insurance Program's discussion on client termination letters](#) and consider using the [AICPA Tax Section's Client Termination Notification Letter](#) as a template. Include applicable information, such as
- The reason(s) for the termination of the relationship (if the firm is terminating the client) or acknowledgment that the client has terminated services (state the reasons why, if known)
 - The outstanding amount due and the final bill
 - Any outstanding issues/projects
 - Disclosure authorization so that the firm/CPA may disclose any information needed to the new accountant; see the [AICPA Tax Section's Sec. 7216 Guidance and Sample Consent Forms](#)
 - Information about the client's portal deactivation (e.g., the client's portal on the firm's website will be deactivated in 30 days)

▶ 109) Close/archive client files:

1. Pull the client's file (if paper) and determine if any client documents need to be scanned in, purged or returned to the client.
2. Determine that all emails that should be saved have been correctly placed in the firm's filing system and appropriately deleted from local and remote workstations.
3. Archive all electronic client data/documents in the firm's inactive database and remove files from the active client database. Follow the firm's document retention policies. Consult the [AICPA Tax Section's Document Retention FAQs for Tax Practitioners](#).
4. For sensitive client issues, consider contacting the firm's malpractice/professional liability insurance provider and legal counsel before removing documents from archived records.

Comments/explanations

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