

Letter of Long-Term Contract Financial Reporting Procedures

Date: [Insert Date]

To: [Recipient's Name]

[Recipient's Title]

[Company Name]

[Company Address]

[City, State, Zip Code]

Dear [Recipient's Name],

Subject: Long-Term Contract Financial Reporting Procedures

As part of our commitment to maintain transparency and accuracy in our financial reporting related to long-term contracts, we would like to outline the procedures we will be implementing for the upcoming fiscal period. These procedures align with [insert relevant accounting standards] and are designed to ensure compliance and enhance the reliability of our financial statements.

1. Revenue Recognition

Revenue will be recognized based on the percentage of completion method, whereby revenue is recorded as work is performed.

2. Cost Tracking

All project-related costs will be tracked meticulously. Direct and indirect costs will be categorized in the accounting system for accurate reporting.

3. Periodic Reviews

Quarterly reviews will take place to assess the progress of contracts and to adjust revenue and expense projections accordingly.

4. Documentation Requirements

Comprehensive documentation will be maintained for all contracts to support revenue and expense entries, including contracts, change orders, and progress billing.

5. Communication Protocols

Regular communication between the finance team and project managers will be essential to address any discrepancies and ensure accurate reporting.

We appreciate your attention to these procedures and look forward to your cooperation in implementing them effectively. Should you have any questions or need further clarification, please do not hesitate to reach out.

Sincerely,

[Your Name]

[Your Title]

[Your Company Name]

[Contact Information]