**Illustrative Agreed-Upon Procedures (AUP) – PPP Loan Forgiveness Application – Attachment to Engagement Letter and CPA’s AUP Report**

**As of 5/28/2020**

Note: The following illustrative agreed-upon procedures (AUP) use the following terms to define the “covered period.” An “alternative payroll covered period” may be used for administrative convenience by borrowers with bi-weekly or more frequent pay periods.

**Covered Period**: The eight-week (56 day) period beginning on the PPP loan disbursement date.

**Alternative Payroll Covered Period (APCP)**: The eight-week (56 day) period that begins on the first day of the first pay period following the PPP loan disbursement date.

PPP Loan Forgiveness Application – PPP Schedule A Worksheet – Table 1

Procedure 1: Agree Employee Name and Employee Identifier to corresponding payroll reports (internal or third-party service provider) for the [covered period][APCP]. Confirm that employee is appropriately included in Table 1 in accordance with the instructions for Table 1 of PPP Schedule A Worksheet.

Findings:

Procedure 2: For the [covered period][APCP], recalculate “Cash Compensation” amount per employee in accordance with Table Instructions for PPP Schedule A Worksheet. Agree/reconcile amounts used in the calculation of “Cash Compensation” to corresponding payroll reports (internal or third-party service provider), general ledger (G/L) accounts, and to corresponding IRS/state payroll tax filings. Recalculate Total Cash Compensation appearing in Box 1.

Findings:

Procedure 3: For the [covered period][APCP], recalculate “Average FTE” per employee in accordance with Table Instructions for PPP Schedule A Worksheet. Agree/reconcile information used in the calculation of “Average FTE” to corresponding payroll reports (internal or third-party service provider).

Findings:

Procedure 4: Agree “FTE Reductions Exceptions” to underlying supporting documentation in accordance with Table Instructions for PPP Schedule A Worksheet.

Findings:

Procedure 5: Recalculate Total Average FTE appearing in Box 2.

Findings:

Procedure 6: For the [covered period][APCP], recalculate “Salary/Hourly Wage Reduction” amount per employee in accordance with Table Instructions for PPP Schedule A Worksheet. Agree/reconcile amounts used in calculation of “Salary/Hourly Wage Reduction” to corresponding payroll reports (internal or third-party service provider). Recalculate Total Salary/Hourly Wage Reduction appearing in Box 3.

Findings:

PPP Loan Forgiveness Application – PPP Schedule A Worksheet – Table 2

Procedure 7: Agree Employee Name and Employee Identifier to corresponding payroll reports (internal or third-party service provider) for the [covered period][APCP]. Confirm that employee is appropriately included in Table 2 in accordance with the instructions for Table 2 of PPP Schedule A Worksheet.

Findings:

Procedure 8: For the [covered period][APCP], recalculate “Cash Compensation” amount per employee in accordance with Table Instructions for PPP Schedule A Worksheet. Agree/reconcile amounts used in the calculation of “Cash Compensation” to corresponding payroll reports (internal or third-party service provider), general ledger (G/L) accounts, and to corresponding IRS/state payroll tax filings. Recalculate Total Cash Compensation appearing in Box 4.

Findings:

Procedure 9: Procedure 3: For the [covered period][APCP], recalculate “Average FTE” per employee in accordance with Table Instructions for PPP Schedule A Worksheet. Agree/reconcile information used in the calculation of “Average FTE” to corresponding payroll reports (internal or third-party service provider). Recalculate Total Cash Compensation appearing in Box 5.

Findings:

PPP Loan Forgiveness Application – PPP Schedule A

Procedure 10: Agree amount entered for Cash Compensation on Line 1 of PPP Schedule A to PPP Schedule A Worksheet, Box 1.

Findings:

Procedure 11: Agree amount entered for Average FTE on Line 2 of PPP Schedule A to PPP Schedule A Worksheet, Box 2.

Findings:

Procedure 12: Agree amount entered for Salary/Hourly Wage Reduction on Line 3 of PPP Schedule A to PPP Schedule A Worksheet, Box 3. If “0” is entered on Line 3 of PPP Schedule A, recalculate entry in accordance with instructions provided for Line 3 of PPP Schedule A.

Findings;

Procedure 13: Agree amount entered for Cash Compensation on Line 4 of PPP Schedule A to PPP Schedule A Worksheet, Box 4.

Findings:

Procedure 14: Agree amount entered for Average FTE on Line 5 of PPP Schedule A to PPP Schedule A Worksheet, Box 5.

Findings;

Procedure 15: For the [covered period][APCP], recalculate and agree total amount paid for employer for employee health insurance entered on Line 6 of PPP Schedule A to supporting payment receipts, cancelled checks, or account statements.

Findings:

Procedure 16: For the [covered period][APCP], recalculate and agree total amount paid for employer contributions to employee retirement plans (excluding any pre-tax or after-tax employee contributions) entered on Line 7 of PPP Schedule A to supporting payment receipts, cancelled checks or account statements.

Findings:

Procedure 17: For the [covered period][APCP], recalculate and agree total amount paid for employer state and local taxes assessed on employee compensation (e.g., state unemployment insurance tax but excluding any taxes withheld from employee earnings) entered on Line 8 of PPP Schedule A to State quarterly business and individual employee wage reporting and unemployment insurance tax filings.

Findings:

Procedure 18: For the [covered period][APCP], recalculate total amount paid to owner-employees/self-employed individual/general partners entered on Line 9 of PPP Schedule A in accordance with instructions for Line 9 appearing in the Instructions for PPP Schedule A and agree to supporting documentation.

Findings;

Procedure 19: Recalculate the total of Lines 1, 4, 6, 7, 8 and 9 of PPP Schedule A and agree to amount entered on Line 10 of PPP Schedule A.

Findings:

Procedure 20: Recalculate number entered on Line 11 of PPP Schedule A in accordance with instructions for Line 11 appearing in the Instructions for PPP Schedule A and agree information used in the calculation to corresponding payroll reports (internal or third-party payroll service provider).

Findings:

Procedure 21: Recalculate the total of Lines 2 and 5 of PPP Schedule A and agree to number entered on Line 12 of PPP Schedule A.

Findings:

Procedure 22: Recalculate the quotient of Line 12 of PPP Schedule A divided by Line 11 of PPP Schedule A and agree number entered on Line 13 of PPP Schedule A. If “1.0” is entered on Line 13 of PPP Schedule A, recalculate result of PPP Schedule A Worksheet – FTE Reduction Safe Harbor determination.

Findings;

PPP Loan Forgiveness Application – PPP Loan Forgiveness Calculation Form

Procedure 23: Agree the following information entered on PPP Loan Forgiveness Calculation Form to information appearing on the CARES Act Section 1102 loan application submitted to the lender, corresponding deposit in a bank account and to recording in G/L cash account as applicable.

1. SBA PPP Loan Number
2. Lender PPP Loan Number
3. PPP Loan Amount
4. PPP Loan Disbursement Date

Findings:

Procedure 24: Agree the following information entered on PPP Loan Forgiveness Calculation Form to corresponding payroll reports (internal or third-party payroll service provider).

1. Employees at Time of Loan Application
2. Employees at Time of Forgiveness Application

Findings:

Procedure 25: Agree the following information entered on the PPP Loan Forgiveness Calculation Form to information appearing on EIDL loan application submitted to SBA, corresponding deposit in a bank account and to recording in G/L cash account, as applicable.

1. EIDL Advance Amount
2. EIDL Application Number

Findings:

Procedure 26: Agree Payroll Schedule indicated on PPP Loan Forgiveness Calculation Form to payroll reports (internal or third-party service provider).

Findings;

Procedure 27: Recalculate and agree dates entered on the PPP Loan Forgiveness Calculation Form for “Covered Period” beginning on the PPP Loan Disbursement Date and ending eight weeks (56 days) later.

Findings:

Procedure 28: Recalculate and agree dates entered on PPP Loan Forgiveness Calculation Form for the “Alternative Payroll Covered Period” (if used for administrative convenience) beginning on the first day of the first pay period following the PPP Loan Disbursement Date and ending eight weeks (56 days) later. Agree the first day of the first pay period following the PPP Loan Disbursement Date to applicable payroll report (internal or third-party service provider).

Findings:

Procedure 29: If PPP Loan Amount entered on PPP Loan Forgiveness Calculation Form is in excess of $2 million (the Instructions for the PPP Loan Forgiveness Calculation Form provides instructions with respect to inclusion of affiliates and other matters), agree to appropriate box being checked on PPP Loan Forgiveness Calculation Form.

Findings:

Procedure 30: Agree amount entered for Payroll Costs on Line 1 of the PPP Loan Forgiveness Calculation Form to PPP Schedule A, Line 10.

Findings:

Procedure 31: Recalculate and agree amount entered on Line 2 of PPP Loan Forgiveness Calculation Form for total business mortgage interest payments for any business mortgage obligation on real or personal property entered into before February 15, 2020 (excluding prepayments) that were paid during the covered period (or were incurred during the covered period and paid on or before the next regular billing date, even if the billing date is after the Covered Period) to lender amortization schedules and receipts or cancelled checks, or applicable lender account statements.

Findings:

Procedure 32: the Recalculate and agree amount entered on Line 3 of PPP Loan Forgiveness Calculation Form for total business rent or lease payments for real estate or personal property pursuant to lease agreements in force before February 15, 2020 that were paid during the covered period (or were incurred during the covered period and paid on or before the next regular billing date, even if the billing date is after the Covered Period) to current lease agreements and receipts or cancelled checks, or applicable lessor account statements.

Findings:

Procedure 33: Recalculate and agree amount entered on Line 4 of PPP Loan Forgiveness Calculation Form for total business utility payments for business utilities for which service began before February 15, 2020 entered on Line 4 that were paid during the covered period (or were incurred during the covered period and paid on or before the next regular billing date, even if the billing date is after the Covered Period) to applicable invoices, receipts, cancelled checks or account statements.

Findings:

Procedure 34: Agree amount entered for Total Salary/Hourly Wage Reduction on Line 5 of the PPP Loan Forgiveness Calculation Form to PPP Schedule A, Line 3.

Findings:

Procedure 35: Recalculate and agree the amount entered on Line 6 of the PPP Loan Forgiveness Calculation Form by adding the amounts on Lines 1, 2, 3, and 4 and subtracting Line 5 of the PPP Loan Forgiveness Calculation Form.

Findings:

Procedure 36: Agree the number entered for the FTE Reduction Quotient on Line 7 of the PPP Loan Forgiveness Calculation Form to PPP Schedule A, Line 13.

Findings:

Procedure 37: Recalculate and agree the amount for Modified Total entered on Line 8 of the PPP Loan Forgiveness Calculation Form by multiplying Lines 6 and 7 of the PPP Loan Forgiveness Calculation Form.

Findings:

Procedure 38: Agree PPP Loan Amount entered on Line 9 of the PPP Loan Forgiveness Calculation Form to information included in Procedure 23.

Findings:

Procedure 39: Recalculate and agree the amount for Payroll Cost 75% Requirement entered on Line 10 of the PPP Loan Forgiveness Calculation Form by dividing the amount entered on Line 1 of the PPP Loan Forgiveness Calculation Form by 0.75.

Findings:

Procedure 40: Agree the Forgiveness Amount entered on Line 11 of the PPP Loan Forgiveness Calculation Form to the smallest amount appearing on Lines 8, 9, and 10 of the PPP Loan Forgiveness Calculation Form.

Findings:

**Disclaimer:** The AICPA anticipates making updates to the contents of this resource to incorporate future changes related to the PPP loan forgiveness process; AICPA Professional Standards; and best practice recommendations, as necessary.

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