



## **Performing Agreed-Upon Procedures Engagements in Accordance With SSAE 19 on Prospective Financial Information or Related to Compliance With Specified Requirements**

In December 2019, the Auditing Standards Board issued Statement on Standards for Attestation Engagements (SSAE) 19, *Agreed-Upon Procedures Engagements*. SSAE 19 supersedes SSAE 18 AT-C section 215 of the same name.

SSAE 19 provides flexibility to a practitioner performing an agreed-upon procedures engagement by (1) removing the requirement that the practitioner request an assertion from the responsible party; (2) permitting the practitioner to issue a general-use report (3) no longer requiring intended users to take responsibility for the *sufficiency* of the procedures; and (4) allowing procedures to be developed over the course of the engagement and allowing the practitioner to develop or assist in developing the procedures with a requirement that the engaging party acknowledge the *appropriateness* of the procedures prior to the issuance of the practitioner's report.

SSAE 19 is effective for agreed-upon procedures reports dated on or after July 15, 2021. Early implementation is permitted.

AT-C section 305, *Prospective Financial Information* provides performance and reporting requirements and application guidance for practitioners performing agreed-upon procedures on prospective financial information. AT-C section 315, *Compliance Attestation* provides performance and reporting requirements and application guidance for practitioners performing agreed-upon procedures related to an entity's compliance with specified requirements or related to an entity's internal control over compliance with specified requirements. While those AT-C sections reference AT-C section 215A, which is the pre-SSAE 19 literature, practitioners are permitted to perform such engagements in accordance with SSAE 19. The following provides guidance to practitioners who elect to early implement SSAE 19 in an engagement to perform agreed-upon procedures on prospective financial statements, related to an entity's compliance with specified requirements, or related to an entity's internal control over compliance with specified requirements.

### **Objectives of an Agreed-Upon Procedures Engagement**

Paragraph .08 of AT-C section 305 and paragraph .07 of AT-C section 315 both state that an objective of the practitioner in performing an agreed-upon procedures engagement is to apply to the subject matter procedures that are established by specified parties who are responsible for the sufficiency of the procedures for their purposes. This is because, prior to the issuance of SSAE 19, an agreed-upon procedures engagement was premised on specified parties determining the procedures to be performed by the practitioner and assuming responsibility for the sufficiency of the procedures. Such specified parties were required to acknowledge their responsibility for the sufficiency of the procedures as part of the practitioner agreeing on the terms of the engagement with the engaging party.

SSAE 19 provides flexibility as the procedures can be developed by the practitioner, the engaging party, intended users of the practitioner's report or any combination. Further, the procedures can be developed over the course of the engagement without requiring the practitioner to go back to any parties to obtain their agreement on the procedures prior to the performance of such procedures. Instead, prior to the issuance of the practitioner's report, the engaging party is required to agree to and acknowledge that the procedures performed are appropriate to meet the intended purpose of the engagement.

### **Content of the Practitioner's Agreed-Upon Procedures Report**

SSAE 19 revised the required elements of the practitioner's agreed-upon procedures report to address the changes in the performance requirements that included

- No longer requiring intended users to explicitly take responsibility for the sufficiency of the procedures
- Development of the procedures with a requirement that the engaging party acknowledge the appropriateness of the procedures prior to the issuance of the practitioner's report

Additionally, SSAE 19 revised the reporting requirements to

- Permit the issuance of a general-use report. Prior to the issuance of SSAE 19, the practitioner's agreed-upon procedures report was required to be restricted to the use of specified parties that have accepted responsibility for the sufficiency of the procedures. Because SSAE 19 has eliminated the requirement that any users of the practitioner's report other than the engaging party agree to and accept responsibility for the sufficiency of the procedures performed, the practitioner is permitted to issue a general-use report. The report includes language advising users that the procedures performed and the findings obtained may not be appropriate for their purposes. There is nothing in SSAE 19 that would preclude the practitioner from restricting the use of any report if, in his or her professional judgment, such restriction is appropriate.
- Require a statement that the practitioner is required to be independent of the responsible party and to meet his or her other ethical responsibilities, in accordance with the relevant ethical requirements related to the agreed-upon procedures engagement.

AT-C sections 305 and 315 include illustrative practitioner's agreed-upon procedures reports. Following are how those illustrative reports may be presented in accordance with SSAE 19:

#### **AT-C section 305**

**Note: Examples 1 and 2 in the exhibit to AT-C section 305 relate to examination reports.**

#### **Example 3: Practitioner's Agreed-Upon Procedures Report Related to a Financial Forecast**

The following is an illustrative practitioner's report for an engagement to apply agreed-upon procedures to a financial forecast.

## Independent Accountant's Agreed-Upon Procedures Report

[Appropriate Addressee]

We have performed the procedures enumerated below on [*identify the statements, for example, the forecasted balance sheet as of December 31, 20XX and the related forecasted statements of income, stockholders' equity, and cash flows of DEF Company, a subsidiary of ABC Company, for the year then ending*]. DEF Company's management<sup>fn 5</sup> is responsible for preparing and presenting the forecast in accordance with the guidelines for the presentation of a forecast established by the American Institute of Certified Public Accountants.

XYZ Corporation's management has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of [*identify the intended purpose of the engagement*]. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings are as follows:

[*Include paragraphs to describe the procedures performed detailing the nature and extent, and if applicable, the timing of each procedure and to describe the findings from each procedure performed, including sufficient details on exceptions found.*]

We were engaged by XYZ Corporation to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, about whether the forecast is presented in accordance with the guidelines for the presentation of a forecast established by the American Institute of Certified Public Accountants or whether the underlying assumptions are suitably supported or provide a reasonable basis for management's forecast. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

There will usually be differences between the forecasted and actual results because events and circumstances frequently do not occur as expected, and those differences may be

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<sup>fn 5</sup> If the responsible party is other than management, the references to management in this illustrative report would be changed to refer to the party who has responsibility for the assumptions.

material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

We are required to be independent of XYZ Corporation and to meet our other ethical responsibilities, in accordance with relevant ethical requirements related to our agreed-upon procedures engagement.*[Additional paragraphs may be added to describe other matters]*

*[Signature of the practitioner's firm]*

*[City and state where the practitioner's report is issued]*

*[Date of the practitioner's report]*

## **AT-C section 315**

**Note: Examples 1 and 2 in the exhibit to AT-C section 315 relate to examination reports.**

### **Example 3: Practitioner's Agreed-Upon Procedures Report Related to Compliance**

The following is an illustrative practitioner's agreed-upon procedures report related to an entity's compliance with specified requirements in which the procedures and findings are described in the report, rather than referenced.

#### **Independent Accountant's Report on Applying Agreed-Upon Procedures**

*[Appropriate Addressee]*

We have performed the procedures enumerated below related to XYZ Company's compliance with *[identify the specified requirements, for example, the requirements listed in Attachment 1]* (the specified requirements) during the period January 1, 20X1 to December 31, 20X1.<sup>fn 6</sup> XYZ Company's management is responsible for its compliance with those requirements.

XYZ Company's management has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of assisting users in determining whether the entity complied with the specified requirements. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings are as follows:

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<sup>fn 6</sup> If the agreed-upon procedures have been published by a third-party (for example, a regulator in regulatory policies or a lender in a debt agreement), this sentence might begin as follows: "We have performed the procedures included in *[title of publication or other document]* and enumerated below..."

*[Include paragraphs to describe the procedures performed detailing the nature and extent, and if applicable, the timing, of each procedure and to describe the findings from each procedure performed, including sufficient details on exceptions found.]*

We were engaged by XYZ's Company's management to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on compliance with the specified requirements. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of XYZ Company and to meet our other ethical responsibilities, in accordance with relevant ethical requirements related to our agreed-upon procedures engagement.

*[Additional paragraphs may be added to describe other matters.]*

*[Signature of the practitioner's firm]*

*[City and state where the practitioner's report is issued]*

*[Date of the practitioner's report]*

#### **Example 4: Practitioner's Agreed-Upon Procedures Report Related to Internal Control Over Compliance**

The following is an illustrative practitioner's agreed-upon procedures report related to an entity's internal control over compliance in which the procedures and findings are described in the report rather than referenced.

##### **Independent Accountant's Report on Applying Agreed-Upon Procedures**

*[Appropriate Addressee]*

We have performed the procedures enumerated below related to XYZ Company's internal control over compliance with *[identify the specified requirements for example, the requirements listed in Attachment 1]* (the specified requirements), as of December 31, 20X1.<sup>fn 7</sup> XYZ Company's management is responsible for its internal control over compliance with those requirements.

XYZ Company's management has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of assisting users in understanding

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<sup>fn 7</sup> If the agreed-upon procedures have been published by a third-party (for example, a regulator in regulatory policies or a lender in a debt agreement), this sentence might begin as follows: "We have performed the procedures included in *[title of publication or other documents]* and enumerated below..."

the entity's internal control over compliance with the specified requirements. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings are as follows:

*[Include paragraphs to describe the procedures performed detailing the nature and extent, and if applicable, the timing of each procedure and to describe the findings from each procedure performed, including sufficient details on exceptions found.]*

We were engaged by XYZ Company's management to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on internal control over compliance with the specified requirements. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of XYZ Company and to meet our other ethical responsibilities, in accordance with relevant ethical requirements related to our agreed-upon procedures engagement.

*[Signature of the practitioner's firm]*

*[City and state where the practitioner's report is issued]*

*[Date of the practitioner's report]*