



***Statement on  
Standards for Attestation  
Engagements***

*December 2019*

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*Issued by the Auditing Standards Board*

**Agreed-Upon Procedures Engagements**

*(Supersedes Statement on Standards for Attestation Engagements [SSAE] No. 18, Attestation Standards: Clarification and Recodification, AT-C section 215, Agreed-Upon Procedures Engagements; Amends SSAE No. 18 AT-C section 105, Concepts Common to All Attestation Engagements)*

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**Note:** Statements on Standards for Attestation Engagements are issued by the Auditing Standards Board, the senior technical body of the AICPA designated to issue pronouncements on auditing matters. The “Compliance With Standards Rule”(ET sec. 1.310.001)<sup>1</sup> of the AICPA Code of Professional Conduct requires compliance with these standards in an audit of a nonissuer.

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<sup>1</sup> All ET sections can be found in AICPA Professional Standards.

# ***Agreed-Upon Procedures Engagements***

## **Introduction**

### **Scope of This Statement on Standards for Attestation Engagements**

- .01** This section contains performance and reporting requirements and application guidance for all agreed-upon procedures engagements. The requirements and guidance in this section supplement the requirements and guidance in AT-C section 105, *Concepts Common to All Attestation Engagements*.\*
- .02** An *agreed-upon procedures engagement* is an attestation engagement in which a practitioner performs specific procedures on subject matter and reports the findings without providing an opinion or conclusion. The subject matter may be financial or nonfinancial information. Because the needs of an engaging party may vary widely, the nature, timing, and extent of the procedures may vary, as well. (Ref: par. .A1–.A2)
- .03** Because the engaging party best understands its own needs, the engaging party is required to agree to the procedures and acknowledge that the procedures performed are appropriate for the intended purpose of the engagement prior to issuance of the practitioner's agreed-upon procedures report. Engagement circumstances may be such that it is appropriate for parties in addition to the engaging party to agree to the procedures and acknowledge that the procedures performed are appropriate for their purposes. The engaging party and intended users assess for themselves the procedures and findings reported by the practitioner and draw their own conclusions from the work performed by the practitioner.
- .04** In an engagement performed in accordance with this section, the practitioner does not perform an examination or a review engagement and does not provide an opinion or conclusion. Instead, the agreed-upon procedures report is in the form of procedures and findings.
- .05** When a practitioner performs services pursuant to an engagement to apply agreed-upon procedures to subject matter as part of or in addition to another form of service, this section applies only to those services described herein; other professional standards would apply to the other services. Other services may include an audit, review, or compilation of a financial statement, another attestation service performed pursuant to the attestation standards, or a nonattest service. A practitioner's report on applying agreed-upon procedures to subject matter may be combined with a report on such other services, provided the types of services can be clearly distinguished, and the applicable standards for each service are followed.
- .06** This section does not apply to engagements to issue letters (commonly referred to as *comfort letters*) to underwriters and certain other requesting parties.<sup>1</sup>

## **Effective Date**

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\* All AT-C sections can be found in AICPA *Professional Standards*.

<sup>1</sup> See AU-C section 920, *Letters for Underwriters and Certain Other Requesting Parties*. All AU-C sections can be found in AICPA *Professional Standards*.

**.07** This section is effective for agreed-upon procedures reports dated on or after July 15, 2021. Early implementation is permitted.

## Objectives

**.08** In conducting an agreed-upon procedures engagement, the objectives of the practitioner are to do the following:

- a. Apply specific procedures to subject matter (Ref: par. .A3)
- b. Issue a written practitioner's report that describes the procedures applied and the practitioner's findings without providing an opinion or conclusion on the subject matter
- c. Communicate further as required by relevant AT-C sections

## Requirements

### Conduct of an Agreed-Upon Procedures Engagement

**.09** In performing an agreed-upon procedures engagement, the practitioner should comply with this section, AT-C section 105, and any subject matter section that is relevant to the engagement. A subject-matter AT-C section is relevant to the engagement when it is in effect, and the circumstances addressed by the AT-C section exist. (Ref: par. .A4)

### Preconditions for an Agreed-Upon Procedures Engagement

**.10** AT-C section 105 indicates that a practitioner must be independent when performing an attestation engagement in accordance with the attestation standards, unless the practitioner is required by law or regulation to accept the engagement and report on the subject matter.<sup>2</sup> When the practitioner is not independent but is required by law or regulation to accept an agreed-upon procedures engagement and report on the procedures performed and findings obtained, the practitioner's report should specifically state that the practitioner is not independent. The practitioner is neither required to provide, nor precluded from providing, the reasons for the lack of independence; however, if the practitioner chooses to provide the reasons for the lack of independence, the practitioner should include all the reasons therefor. (Ref: par. .A5)

**.11** In order to establish that the preconditions for an agreed-upon procedures engagement are present, the practitioner should determine that the following conditions, in addition to the preconditions identified in AT-C section 105, are present:<sup>3</sup> (Ref: par. .A6–.A7)

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<sup>2</sup> Paragraph .24 of AT-C section 105, *Concepts Common to All Attestation Engagements*.

<sup>3</sup> Paragraphs .24–.28 of AT-C section 105.

- a. The practitioner determines that procedures can be designed, performed, and reported on in accordance with this section.
- b. The engaging party agrees, or will be able to agree, to the procedures and acknowledges that the procedures are appropriate for the intended purpose of the engagement. (Ref: par. .A8)
- c. The procedures to be applied to the subject matter are expected to result in reasonably consistent findings.
- d. When applicable, the practitioner agrees to apply a threshold for reporting exceptions established by the engaging party. (Ref: par. .A36)

.12 The practitioner should establish an understanding with the engaging party regarding the nature of the engagement, including the following:

- a. The intended purpose of the engagement and the intended users of the agreed-upon procedures report
- b. Whether the practitioner's agreed-upon procedures report is expected to be restricted to the use of specified parties (Ref: par. .A8–.A10)
- c. Whether the engagement to be performed is pursuant to any law, regulation, or contract (Ref: par. .A11)
- d. Whether parties in addition to the engaging party will be requested to agree to the procedures and acknowledge that the procedures performed are appropriate for their purposes (Ref: par. .A12–.A15)

.13 The practitioner is precluded from accepting an agreed-upon procedures engagement if the practitioner believes the intended purpose of the engagement is not clear or the engaging party will not have a basis for agreeing and acknowledging that the procedures are appropriate for the intended purpose of the engagement.

### **Agreeing on the Terms of the Engagement**

.14 The practitioner should agree upon the terms of the engagement with the engaging party. The agreed-upon terms of the engagement should be specified in sufficient detail in an engagement letter or other suitable form of written agreement. (Ref: par. .A16)

.15 The agreed-upon terms of the engagement should include the following:

- a. The nature of the engagement established pursuant to paragraph .12
- b. Identification of the subject matter and the responsible party
- c. The responsibilities of the practitioner (Ref: par. .A17–.A18)
- d. A statement that the engagement will be conducted in accordance with attestation standards established by the AICPA
- e. A statement that the responsible party is responsible for the subject matter (Ref: par. .A19)
- f. A statement that the engaging party agrees to provide the practitioner, prior to the completion of the engagement, with a written agreement and acknowledgment that the procedures performed are appropriate for the intended purpose of the engagement. (Ref:

- par. .A20)
- g. A statement that the engaging party agrees to provide, at the conclusion of the engagement, a representation letter.
  - h. If known at the onset of the engagement, an identification of any other parties, in addition to the engaging party, that will be requested to agree to the procedures and acknowledge that the procedures performed are appropriate for their purposes. If the request is expected to be made by the engaging party, a statement that the engaging party agrees to provide, at the conclusion of the engagement, a written representation that the engaging party has obtained from all necessary other parties agreement to the procedures and acknowledgment that the procedures performed are appropriate for their purposes.
  - i. If the engaging party is not the responsible party, a statement that written representations may be requested from the responsible party.
  - j. Reference to the expected form and content of the practitioner's agreed-upon procedures report, including any use restrictions, if applicable.
  - k. Disclaimers expected to be included in the practitioner's report, if applicable
  - l. Assistance to be provided to the practitioner, if applicable
  - m. Involvement of a practitioner's external specialist, if applicable
  - n. Specified thresholds for reporting exceptions, if applicable (Ref: par. .A37)

## **Procedures to Be Performed**

- .16 The practitioner should perform procedures agreed to and acknowledged by the engaging party to meet the intended purpose of the engagement established with the engaging party pursuant to paragraph .12a. (Ref: par. .A21–.A26).
- .17 The practitioner should not perform procedures that are open to varying interpretations or that use vague or ambiguous language. Terms of uncertain meaning (such as *general review*, *limited review*, *check*, or *test*) should not be used in describing the procedures unless such terms are defined within the procedures. (Ref: par. .A27)
- .18 The practitioner should obtain evidence from applying the procedures to provide a reasonable basis for the finding or findings expressed in the practitioner's report but need not perform additional procedures outside the scope of the engagement to gather additional evidence.

## **Using the Work of a Practitioner's External Specialist**

- .19 The practitioner and the engaging party should explicitly agree to the involvement of a practitioner's external specialist if assisting a practitioner in the performance of an agreed-upon procedures engagement. (Ref: par. .A28–.A30)
- .20 The practitioner's report should describe the nature of the assistance provided by the practitioner's external specialist.

## **Using the Work of Internal Auditors or Other Practitioners**

**.21** The procedures to be enumerated or referred to in the practitioner's report should be performed by the engagement team or other practitioners and not by internal auditors. (Ref: par. .A31–.A33)

### **Appropriateness of the Procedures Performed**

**.22** Prior to the issuance of the practitioner's agreed-upon procedures report, the practitioner should obtain a written agreement of the procedures and acknowledgment from the engaging party that the procedures performed are appropriate for the intended purpose of the engagement. (Ref: par. .A34–.A35)

**.23** If the engaging party refuses to provide the written agreement and acknowledgment required by paragraph .22, the practitioner should withdraw from the engagement.

### **Findings**

**.24** A practitioner should present the results of applying procedures to specific subject matter in the form of findings. (Ref: par. .A36)

**.25** The practitioner should report all findings from application of the procedures. If the engaging party has established a threshold for reporting exceptions, the practitioner should describe such threshold in the practitioner's report. (Ref: par. .A25, .A37, and .A47)

**.26** When reporting findings, the practitioner should not (Ref: par. .A41–.A42)

- a. use vague or ambiguous language. (Ref: par. .A38)
- b. include terms of uncertain meaning. (Ref: par. .A39)
- c. express an opinion or conclusion on the subject matter or about whether the subject matter is in accordance with (or based on) the criteria. (Ref: par. .A40)

### **Written Representations**

**.27** The practitioner should request from the engaging party written representations in the form of a letter addressed to the practitioner. The representations should include the following: (Ref: par. .A35 and .A43)

- a. A statement that the responsible party is responsible for the subject matter
- b. If applicable, a statement that the engaging party has obtained from all necessary parties agreement to the procedures and acknowledgment that the procedures are appropriate for their purposes
- c. A statement that it has provided the practitioner with all relevant information and access, as applicable, as agreed upon in the terms of the engagement
- d. A statement that all known matters contradicting the subject matter and any communication from regulatory agencies or others affecting the subject matter have been disclosed to the practitioner, including communications received between the end of the period addressed by the subject matter and the date of the practitioner's report

- e. A statement that it is not aware of any material misstatements in the subject matter
  - f. A statement that it has disclosed to the practitioner all known events subsequent to the period (or point in time) of the subject matter being reported on that would have a material effect on the subject matter
  - g. Any additional representations that the practitioner determines are appropriate
- .28 When the engaging party is not the responsible party, the practitioner should consider requesting the relevant written representations pursuant to paragraph .27 from the responsible party in the form of a letter addressed to the practitioner.
- .29 The date of the written representations should be as of the date of the practitioner's report. The written representations should address the subject matter and periods covered by the practitioner's findings.

### **Requested Written Representations Not Provided or Not Reliable**

- .30 When one or more of the written representations that the practitioner has requested pursuant to paragraphs .27–.28 are not provided, or the practitioner concludes that there is sufficient doubt about the competence, integrity, ethical values, or diligence of those providing the written representations, or the practitioner concludes that the written representations are otherwise not reliable, the practitioner should do the following: (Ref: par. .A44)
- a. Discuss the matter with the engaging or responsible party, as appropriate
  - b. Reevaluate the integrity of those from whom the representations were requested or received and evaluate the effect that this may have on the reliability of representations and evidence in general
  - c. If any of the matters are not resolved to the practitioner's satisfaction, take appropriate action, including determining the possible effect on the practitioner's agreed-upon procedures report (Ref: par. .A45)

### **Preparing the Practitioner's Report**

- .31 The practitioner's report should be in writing. (Ref: par. .A46)
- .32 The practitioner's report should be in the form of procedures and findings.
- .33 If, as a result of performing procedures, the practitioner determines that the description of the procedures performed or the corresponding findings, in the practitioner's professional judgment, are misleading in the circumstances of the engagement, the practitioner should discuss the matter with the engaging party and take appropriate action. (Ref: par. .A47–.A48)

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

- .34 The practitioner's agreed-upon procedures report should include the following:
- a. A title that includes the word *independent* to clearly indicate that it is the report of an independent accountant. (Ref: par. .A49)
  - b. An appropriate addressee as required by the circumstances of the engagement.
  - c. Identification of the engaging party.

- d. Identification of the subject matter to which the procedures have been applied. (Ref: par. .A50–.A51)
- e. Identification of the responsible party, including a statement that the responsible party is responsible for the subject matter. When the engaging party is not the responsible party and identification of the responsible party and its responsibility for the subject matter is based solely on representations received from the engaging party, the practitioner's agreed-upon procedures report should include a statement to that effect. (Ref: par. .A52)
- f. A statement that the engaging party acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement. (Ref: par. .A53–.A54)
- g. An identification of the intended purpose of the engagement in sufficient detail to enable the user to understand the nature of the work performed. (Ref: par. .A55)
- h. A statement that the practitioner's report may not be suitable for any other purpose. (Ref: par. .A56)
- i. A statement that the procedures performed may not address all the items of interest to a user of the report and may not meet the needs of all users of the report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.
- j. A statement that an agreed-upon procedures engagement involves the practitioner performing specific procedures that the engaging party has agreed to and acknowledged to be appropriate for the intended purpose of the engagement and reporting on findings based on the procedures performed.
- k. A description of the procedures performed detailing the nature and extent, and if applicable, the timing, of each procedure.
- l. A description of the findings from each procedure performed, including sufficient details on exceptions found.
- m. If applicable, a description of any specified threshold established by the engaging party for reporting exceptions.
- n. A statement that the agreed-upon procedures engagement was conducted in accordance with attestation standards established by the AICPA.
- o. A statement that the practitioner was not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the subject matter. (Ref: par. .A57)
- p. A statement that the practitioner does not express such an opinion or conclusion.
- q. A statement that had the practitioner performed additional procedures, other matters might have come to the practitioner's attention that would have been reported.
- r. A statement that the practitioner is required to be independent of the responsible party and to meet the practitioner's other ethical responsibilities, in accordance with the relevant ethical requirements relating to the agreed-upon procedures engagement. (Ref: par. .A58–.A59)
- s. If applicable, a description of the nature of the assistance provided by a practitioner's external specialist, as discussed in paragraphs .19–.20.
- t. When applicable, reservations or restrictions concerning procedures or findings. (Ref: par. .A60)

- u. The manual or printed signature of the practitioner's firm. (Ref: par. .A61–.A63)
- v. The city and state where the practitioner's report is issued. (Ref: par. .A64)
- w. The date of the report. The practitioner's report should be dated no earlier than the date on which the practitioner completed the procedures and determined the findings, including that
  - i. the attestation documentation has been reviewed, and
  - ii. if applicable, the written presentation of the subject matter has been prepared.

### **Alert That Restricts the Use of the Practitioner's Agreed-Upon Procedures Report**

**.35** The practitioner should consider whether to include an alert, in a separate paragraph, that restricts the use of the practitioner's agreed-upon procedures report, taking into account the understanding with the engaging party regarding the nature of the engagement pursuant to paragraph .12a. (Ref: par. .A7 and .A65–.A69)

**.36** The alert should

- a. state that the practitioner's report is intended solely for the information and use of the specified parties.
- b. identify the specified parties for whom use is intended. (Ref: par. .A70)
- c. state that the report is not intended to be, and should not be, used by anyone other than the specified parties.

### **Adding Other Specified Parties After the Release of the Practitioner's Report**

**.37** When the practitioner issues a report that includes an alert restricting the use of the practitioner's report to certain specified parties, and the engaging party subsequently requests the practitioner to add an additional specified party, the practitioner should determine whether to add the additional specified party. As part of this determination, the practitioner should consider whether (Ref: par. .A71)

- a. the additional specified party has acknowledged or will be requested to acknowledge that the procedures performed are appropriate for their purposes. If the practitioner determines that the acknowledgment is necessary, the practitioner should either obtain such acknowledgment directly from the additional specified party or obtain a representation from the engaging party that the additional specified party has agreed to the procedures and acknowledged that the procedures performed are appropriate for their purposes, and
- b. the report will be reissued to identify the additional specified party.

**.38** If the practitioner provides a written acknowledgment to the engaging party and the additional party that such party has been added as a specified party, the practitioner should state in the acknowledgment that no procedures were performed subsequent to the original date of the practitioner's agreed-upon procedures report.

### **Restrictions on the Performance of Procedures**

**.39** When circumstances impose restrictions on the performance of the procedures, the practitioner should discuss with the engaging party whether those restrictions are appropriate and, if the restrictions are appropriate, describe the restrictions in the practitioner's report.

### **Knowledge of Matters Outside Procedures**

**.40** Although the practitioner need not perform procedures beyond the procedures agreed to and acknowledged by the engaging party to be appropriate for the intended purpose of the engagement, if in connection with the application of the procedures, and through the completion of the engagement, matters come to the practitioner's attention by other means that significantly contradict the subject matter referred to in the practitioner's report, the practitioner should discuss the matter with the engaging party and take appropriate action, including determining whether the practitioner's report should be revised to disclose the matter. (Ref: par. .A72–.A73)

### **Communication Responsibilities**

**.41** In the event the practitioner encounters known or suspected fraud or noncompliance with laws or regulations in connection with the engagement, the practitioner should consider responsibilities under the AICPA Code of Professional Conduct and applicable law prior to communicating such information either to the responsible party or the engaging party. (Ref: par. .A74)

### **Documentation**

**.42** The practitioner should prepare engagement documentation on a timely basis that includes the following: (Ref: par. .A75–.A76)

- a. The written agreement and acknowledgment from the engaging party regarding the appropriateness of the procedures performed for the intended purpose of the engagement, as required by paragraph .22
- b. The nature, timing, and extent of the procedures performed to comply with relevant AT-C sections and applicable legal and regulatory requirements, including the following:
  - i. The identifying characteristics of the specific items or matters tested
  - ii. Who performed the engagement work and the date such work was completed
  - iii. When the appropriate party will not provide one or more of the requested written representations pursuant to paragraphs .27–.28 or the practitioner concludes that there is sufficient doubt about the competence, integrity, ethical values, or diligence of those providing the written representations, or that the written representations are otherwise not reliable, the matters in paragraph .30a–c
  - iv. Who reviewed the engagement work performed and the date and extent of such review
- c. The results of the procedures performed and the evidence obtained

## **Application and Other Explanatory Material**

### **Scope of This Statement on Standards for Attestation Engagements (Ref: par. .02)**

- .A1** Reference to “subject matter” in this section encompasses anything on which agreed-upon procedures are performed, including information, documents, measurements, or compliance with laws and regulations.
- .A2** The procedures to be performed may be developed by the practitioner, the engaging party, another party, or a combination of these parties. Further, the procedures may be prescribed by law, regulation, or contract.

### **Objectives (Ref: par. .08a)**

- .A3** In an agreed-upon procedures engagement, the practitioner applies procedures to the subject matter of the engagement. The requirements and guidance related to the subject matter in AT-C section 105 apply.

### **Conduct of an Agreed-Upon Procedures Engagement (Ref: par. .09)**

- .A4** If a practitioner were performing an agreed-upon procedures engagement related to an entity’s compliance with requirements of specified laws, regulations, rules, contracts, or grants, AT-C section 105, this section, and AT-C section 315, *Compliance Attestation*, would be relevant. In addition, there may be interpretative publications applicable to the subject matter, such as, for example, AICPA Statement of Position 17-1, *Performing Agreed-Upon Procedures Related to Rated Exchange Act Asset-Backed Securities Third-Party Due Diligence Services as Defined by SEC Release No. 34-72936*.<sup>†</sup>

### **Preconditions for an Agreed-Upon Procedures Engagement (Ref: par. .10–.11 and .35)**

- .A5** The “Agreed-Upon Procedure Engagements Performed in Accordance With Statements on Standards for Attestation Engagements” interpretation (ET sec. 1.297.020)<sup>‡</sup> of the “Independence Rule” (ET sec. 1.200.001) establishes independence requirements unique to agreed-upon procedures engagements.
- .A6** In determining whether procedures can be designed, performed, and reported on in accordance with this section, the practitioner may consider whether such procedures
  - are or will be subjective or require judgment to apply,
  - will be selected to result only in findings that show the subject matter in a favorable light, and
  - will meet the intended purpose of the engagement.
- .A7** In determining whether procedures can be designed, performed, and reported on in accordance with this section, the practitioner may need to obtain an understanding of the criteria or measurement framework used in developing the subject matter.

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<sup>†</sup> All AUD sections can be found in AICPA *Professional Standards*.

<sup>‡</sup> All ET sections can be found in AICPA *Professional Standards*.

- .A8** The intended purpose of the engagement is determined by the engaging party. Consideration of the intended purpose of the engagement and the intended users of the practitioner's agreed-upon procedures report informs the practitioner's professional judgment about whether it is practical or necessary to obtain the agreement of those intended users and whether to restrict the use of the report as discussed in paragraphs .35–.36.
- .A9** The engagement may be required by law, regulation, or contract or may arise as a result of a request by a third party or the engaging party's intent to provide information to a broad class of users, such as customers.
- .A10** The restriction to specified parties may or may not include parties that have agreed to the procedures and acknowledged that the procedures performed are appropriate for their purposes.
- .A11** Law or regulation may require an agreed-upon procedures engagement to be performed (for example, to demonstrate compliance with requirements of specific laws or regulations). Further, the procedures to be performed may be prescribed by law, regulation, or contract. Regulatory expectations may also be set out as part of a regulatory audit or communications or requests from regulators. Law or regulation may prescribe the nature, timing, and extent of the procedures to be performed and, in some cases, the way the procedures or findings are to be described in the practitioner's report. In other circumstances, law or regulation may prescribe only the nature of the procedures to be performed or may use terms that are unclear about whether an agreed-upon procedures engagement is an acceptable service (for example, terms requiring an audit, review, examination, validation, or certification).
- .A12** Based on the practitioner's understanding with the engaging party, the practitioner may consider it necessary to request a regulator to agree to the procedures and acknowledge that the procedures performed are appropriate for their purposes.
- .A13** A contract may require an agreed-upon procedures engagement to be performed. Given that the procedures are being performed to satisfy the obligations or expectations of the parties to the contract, unless the procedures, or a detailed description of the nature of the procedures, are included in the contract, all users of the practitioner's agreed-upon procedures report ordinarily would agree to the procedures and acknowledge that the procedures performed are appropriate for their purposes.
- .A14** For example, a practitioner may be engaged to perform procedures relating to a securitization transaction. In such circumstances, the practitioner and engaging party may identify other parties, such as underwriters, to request to agree to the procedures and acknowledge that the procedures performed are appropriate for their purposes.
- .A15** Nothing precludes the practitioner and engaging party from agreeing to the type of communication or acknowledgment to be used to obtain the agreement and acknowledgment of parties other than the engaging party that the procedures performed are appropriate for their purposes and who would make the communication. If the practitioner intends to communicate directly with a party other than the engaging party, the rules regarding confidential information as set forth in the AICPA Code of Professional Conduct apply.

### **Agreeing on the Terms of the Engagement (Ref: par. .14–.15)**

- .A16** It is in the interests of both the engaging party and the practitioner to document the agreed-upon terms of the engagement before the commencement of the engagement to help avoid misunderstandings. The form and content of the engagement letter or other suitable form of written agreement will vary with the engagement circumstances.
- .A17** The responsibility of the practitioner is to carry out the procedures and report the findings in accordance with the attestation standards. The practitioner assumes the risk that misapplication of the procedures may result in inappropriate findings being reported. Furthermore, the practitioner assumes the risk that appropriate findings may not be reported or may be reported inaccurately. The practitioner's risks can be reduced through adequate planning and supervision and due professional care in performing the procedures, accumulating the findings, and preparing the practitioner's report.
- .A18** The practitioner has no responsibility to determine the differences between the procedures to be performed and the procedures that the practitioner would have determined to be necessary had the practitioner been engaged to perform another form of attestation engagement. The procedures that the practitioner performs pursuant to an agreed-upon procedures engagement may be more or less extensive than the procedures that the practitioner would determine to be necessary had the practitioner been engaged to perform another form of engagement.
- .A19** There may be circumstances in which the party responsible for the subject matter is not a party to the engagement. For example, the practitioner may be engaged to perform procedures with respect to benchmarking certain information in which multiple entities may be responsible for certain aspects of the information, or the information may be publicly available, such as subject matter that appears on the internet or in a public building, such as a grocery or retail store. If the practitioner is engaged to benchmark the prices of 10 products at 3 different stores on a certain date, each of the stores may be responsible for the source of the subject matter and the price that is published on the shelf.
- .A20** If the procedures are prescribed or otherwise developed by parties other than the practitioner, the agreed-upon terms of the engagement may include the procedures to be performed.

### **Procedures to Be Performed (Ref: par. .16–.17 and .25)**

- .A21** Mere reading of specified information about the subject matter does not constitute a procedure sufficient to permit a practitioner to report on the results of applying procedures.

**.A22** Examples of appropriate procedures include the following:

- Inspection of specified documents evidencing certain types of transactions or detailed attributes thereof
- Confirmation of specific information with third parties
- Comparison of documents, schedules, or analyses with certain specified attributes
- Performance of specific procedures on work performed by others
- Performance of mathematical computations

**.A23** Examples of inappropriate procedures include the following:

- Mere reading of the work performed by others solely to describe their findings
- Evaluating the competency or objectivity of another party
- Obtaining an understanding about a particular subject
- Interpreting documents outside the scope of the practitioner's professional expertise

**.A24** If the practitioner selects a sample, stating the size of the sample and how the sample was selected contributes to the specificity of the description of procedures performed (for example, 50 items starting at the 8th item and selecting every 15th item thereafter or invoices issued from May 1 to July 31, 20XX).

**.A25** In certain circumstances, it may be appropriate for a planned procedure to be modified because the results of applying the procedure indicate that the procedure was not appropriately designed, and the findings would be inconsistent with the intended purpose of the engagement. However, any revisions to the descriptions of procedures performed or findings that are intended to mislead users would be inappropriate.

**.A26** Examples of other information the practitioner may include are the date the procedure was performed and the sources of information used in performing the procedure.

**.A27** To avoid vague or ambiguous language, the procedures to be performed are characterized by the action to be taken at a level of specificity sufficient for a reader to understand the nature and extent of the procedures performed. Examples of descriptions of acceptable actions are as follows:

- Inspect
- Confirm
- Compare
- Agree
- Trace
- Inquire
- Recalculate
- Observe
- Mathematically check

Conversely, the following descriptions of actions (unless defined to indicate the nature, timing, and extent of the procedures associated with these actions) generally are not acceptable because they are not sufficiently precise or have an uncertain meaning:

- Note
- Review
- General review
- Limited review
- Evaluate
- Analyze
- Check
- Test
- Interpret
- Verify
- Examine

### **Using the Work of a Practitioner's External Specialist (Ref: par. .19)**

**.A28** The practitioner's education and experience enable the practitioner to be knowledgeable about business matters in general, but the practitioner is not expected to have the expertise of a person trained for or qualified to engage in the practice of another profession or occupation. In certain circumstances, it may be appropriate to involve a practitioner's external specialist to assist the practitioner in the performance of one or more procedures. The following are examples of such circumstances:

- An attorney who helps with the interpretation of legal terminology in laws, regulations, rules, contracts, or grants
- A medical specialist who assists with understanding the characteristics of diagnosis codes documented in patient medical records
- An environmental engineer who assists with the interpretation of environmental remedial action regulatory directives that may affect the procedures applied to an environmental liabilities account in a financial statement
- A geologist who helps distinguish between the physical characteristics of a generic minerals group related to information to which the procedures are applied

**.A29** The agreement regarding the involvement of a practitioner's external specialist may be reached when agreeing upon the terms of the engagement or as part of obtaining the engaging party's agreement to the procedures and acknowledgment that the procedures performed are appropriate for the intended purpose of the engagement.

**.A30** A practitioner may apply procedures to the report or work product of a practitioner's external specialist that does not constitute assistance by the external specialist to the practitioner in an agreed-upon procedures engagement. For example, the practitioner may reference information contained in a report of a practitioner's external specialist in describing a procedure. However, it is inappropriate for the practitioner to merely read the external specialist's report solely to describe or repeat the findings or to take responsibility for all or a portion of any procedures performed by a practitioner's external specialist or the external specialist's work product.

## **Using the Work of Internal Auditors or Other Practitioners (Ref: par. .21)**

**.A31** Internal auditors may prepare schedules and accumulate data or provide other information for the practitioner's use in performing the procedures. Also, internal auditors may perform and report separately on procedures that they have carried out. Such procedures may be similar to those that a practitioner may perform under this section.

**.A32** A practitioner may perform procedures on information documented in the working papers of internal auditors. For example, the practitioner may do the following:

- Repeat all or some of the procedures
- Determine whether the internal auditors' documentation indicates procedures performed and whether the findings documented are presented in a report by the internal auditors

**.A33** It is inappropriate for the practitioner to do the following:

- Merely read the internal auditors' report solely to describe or repeat their findings
- Take responsibility for all or a portion of any procedures performed by internal auditors by reporting those findings as the practitioner's own
- Report in any manner that implies shared responsibility for the procedures with the internal auditors

## **Appropriateness of the Procedures Performed (Ref: par. .22 and .27)**

**.A34** The practitioner's communication with the engaging party enables the engaging party, if not already aware, to be made aware of the specific procedures performed and affords the engaging party an opportunity to suggest alternative or additional procedures that the engaging party may feel are appropriate in order to meet the intended purpose of the engagement.

**.A35** The written agreement of the procedures and acknowledgment that the procedures performed are appropriate for the intended purpose of the engagement may be documented in the engagement letter, an addendum to the engagement letter, a representation letter, or some other form of written communication.

## **Findings (Ref: par. .11d, .15n, and .24–.26)**

**.A36** *Findings* are the factual results of procedures performed. Findings are capable of being objectively verified and objectively described, which means that procedures to be applied to the subject matter are expected to result in reasonably consistent findings. Accordingly, findings exclude opinions or conclusions in any form as well as any recommendations that the practitioner may make.

**.A37** A threshold for reporting exceptions does not apply to findings reported in an agreed-upon procedures engagement unless such threshold is established by the engaging party. An example of language that describes a threshold for reporting exceptions is as follows: "For purposes of performing these procedures, no exceptions were reported for differences of \$1,000 or less resulting solely from the rounding of amounts disclosed."

**A38** To avoid vague or ambiguous language, the findings are described at a level of specificity sufficient for a user to understand the nature, timing, and extent of the procedures and findings.

**A39** If, in the practitioner's judgment, certain terms are potentially uncertain in meaning, the practitioner may consider whether a glossary is appropriate in the circumstances.

**A40** An example of language that should not be used in reporting findings is as follows:

"Nothing came to our attention that caused us to believe that the subject matter is not in accordance with (or based on) the criteria, in all material respects."

**A41** The following table provides examples of appropriate and inappropriate descriptions of findings resulting from the application of certain procedures.

Appropriate Procedures	Appropriate Description of Findings	Inappropriate Description of Findings
Inspect the shipment dates for a sample (agreed upon) of specified shipping documents and determine whether any such dates were subsequent to [date].	No shipment dates shown on the sample of shipping documents were subsequent to [date].	Nothing came to my attention as a result of applying that procedure.
Recalculate the number of blocks of streets paved during the year ended [date], shown on contractors' certificates of project completion; compare the resultant number to the number in an identified chart of performance statistics as of [date].	The number of blocks of streets paved in the chart of performance statistics was Y blocks more than the number calculated from the contractors' certificates of project completion.	The number of blocks of streets paved approximated the number of blocks included in the chart of performance statistics.
Recalculate the rate of return on a specified investment (according to an agreed-upon formula) and determine whether the resultant percentage agrees to the percentage in an identified schedule.	No exceptions were found as a result of applying the procedure.	The resultant percentage approximated the predetermined percentage in the identified schedule.
Inspect the quality standards classification codes in identified performance test	All classification codes inspected in the identified documents were the same as	All classification codes appeared to comply with

<p>documents for products produced during [<i>specified period</i>]; compare such codes to those shown in the [<i>identified</i>] computer printout for [<i>specified period</i>] as of [<i>date</i>].</p>	<p>those shown in the computer printout, except for the following: [List all exceptions.]</p>	<p>such documents.</p> <p>performance</p>
<p>Trace all outstanding checks appearing on a bank reconciliation as of [<i>date</i>] to checks cleared in the bank statement of the subsequent month.</p>	<p>All outstanding checks appearing on the bank reconciliation were traced to the list of cleared checks in the subsequent month's bank statement, except for the following: [List all exceptions.]</p>	<p>Nothing came to my attention as a result of applying the procedure.</p>
<p>Compare the amounts of the invoices included in the "over 90 days" column shown in an identified schedule of aged accounts receivable of a specific customer as of [<i>date</i>] to the amount and invoice date shown on the corresponding outstanding invoice. Determine whether the dates on the corresponding outstanding invoices precede the date indicated on the schedule by more than 90 days.</p>	<p>All outstanding invoice amounts agreed with the amounts shown on the schedule in the "over 90 days" column, and the dates shown on such outstanding invoices preceded the date indicated on the schedule by more than 90 days.</p>	<p>The outstanding invoice amounts agreed within approximation of the amounts shown on the schedule in the "over 90 days" column, and nothing came to our attention that the dates shown on such outstanding invoices preceded the date indicated on the schedule by more than 90 days.</p>
<p>Obtain from XYZ Company [<i>personnel specified by management</i>], the [<i>date</i>] bank reconciliations. Confirm with the bank the cash on deposit as of [<i>date</i>]. Compare the balance confirmed by the bank to the amount shown on the bank reconciliations.</p>	<p>Obtained from XYZ Company [<i>personnel specified by management</i>], the [<i>date</i>] bank reconciliations. Obtained bank confirmations of the cash on deposit as of [<i>date</i>]. Compared the balance confirmed by the bank to the amount shown on the bank reconciliations. [List all exceptions.]</p>	<p>No exceptions were identified in the confirmations received, and nothing came to our attention as a result of applying the procedures.</p>

**A42** When a procedure is written in sufficient detail, the finding may be very brief because the practitioner does not need to repeat the procedure in describing the result. When there are no exceptions, common descriptions of results are the following:

- No exceptions were noted.
- No exceptions were [*noted/found/identified*] as a result of applying the procedure.

It is acceptable to repeat part of the procedure in the finding, such as in the following examples:

- No shipment dates shown on the sample of shipping documents were subsequent to [*date*].
- All outstanding invoice numbers, dates, and amounts agreed with the corresponding fields on the “over 90 days” column of the schedule.

If the practitioner identifies exceptions in applying the procedures, the report states them and provides some detail about the item or items involved, such as in the following examples:

- We found 14 out of the 15 items to be in agreement; the address on one item on the schedule did not agree to the [*source document*].
- The amount recalculated as a result of performing the procedure was \$XXX, which did not agree with the amount of \$YYYY on the [*describe supporting document*].
- Of the 30 selections made, two [*insert attribute, such as amounts, dates, names*] did not agree from the [*describe the supporting documentation*] to the [*describe the supporting documentation*].

A finding written to appear to be a fact or a conclusion would not be appropriate, such as in the following examples:

- A result stating, “We determined the current ratio of X Company at December 31, 20X4, was 2:1,” could be considered a fact and is not appropriate. An appropriate description of the result could be stated as, “We recalculated the current ratio of X Company at December 31, 20X4, as 2:1.”
- A result stating, “We have [*observed/found/determined*] the net sales of X Company for the year 20X4 were \$X,” could be considered a fact and is not appropriate. An appropriate description of the result could be stated as, “We recalculated the net sales of X Company for the year 20X4 based on totaling the list of invoices in the sales journal as \$X.”

Additionally, terms that might be construed as communicating assurance — such as *reasonable* or *adequate*, or that the results of applying the procedure were *close enough* — would not be appropriate. For example, it is inappropriate to state the following:

- The [*number of blocks of streets paved*] per the [*supporting documentation*] approximated the [*number of blocks of streets paved*] included in the chart of performance statistics for the year ended [*date*].
- All [*classification codes*] appear to comply with the requirements in the contract.

Terms such as *minor*, *immaterial*, *material*, or *significant*, unless the measures of relevance comprehended by such terms are clearly defined in both the engagement letter and the practitioner’s report, are not appropriate for use in expressing results of procedures. It is also

inappropriate to word a finding to convey negative assurance. For example, it is inappropriate to state the following:

- Nothing came to our attention as a result of applying the procedure.
- Nothing came to our attention that caused us to believe that [*the subject matter*] is not presented in accordance with [*the criteria*].

### **Written Representations (Ref: par. .27)**

**.A43** Written confirmation of oral representations reduces the possibility of misunderstandings between the practitioner and the engaging party. The person from whom the practitioner requests written representations is ordinarily a member of senior management or those charged with governance depending on, for example, the management and governance structure of the engaging party, which may vary by entity, reflecting influences such as size and ownership characteristics.

### **Requested Written Representations Not Provided or Not Reliable (Ref: par. .30c)**

**.A44** Circumstances in which the practitioner may be unable to obtain requested written representations include, for example, when

- the engaging party does not have a relationship with the responsible party, and
- the agreed-upon procedures engagement is undertaken against the wishes of the responsible party, for example, when required by law or regulation.

In these or similar circumstances, the practitioner may need to reconsider whether the responsible party is able to take responsibility for the subject matter.

**.A45** Although it is expected that the practitioner will be able to obtain all the requested written representations from the engaging party and, if applicable, the responsible party pursuant to paragraphs .27–.28, appropriate actions the practitioner might consider in the circumstances described in paragraph .30c include the following:

- a. Determining the effect on the practitioner's report, including whether to restrict the use of the practitioner's report or whether to disclose in the practitioner's report that the engaging party or the responsible party did not provide one or more of the requested written representations
- b. Withdrawing from the engagement

### **Preparing the Practitioner's Report (Ref: par. .25, .31, and .33)**

**.A46** This section does not require a standardized format for reporting on all agreed-upon procedures engagements. Instead, it identifies the basic elements that the report is to include.

The report is tailored to the specific engagement circumstances. The practitioner may use headings, separate paragraphs, paragraph numbers, typographical devices (for example, boldface text), and other mechanisms to enhance the clarity and readability of the report.

**.A47** Findings may be misleading, for example, if the responsible party revises the subject matter as a result of initial findings from procedures performed, and the findings to be expressed in the report do not indicate that the subject matter was changed. In such instances, the findings may indicate that the subject matter was revised as a result of initial findings from the procedures performed and that there are no findings with respect to the revised subject matter.

**.A48** Appropriate actions that the practitioner might consider in the circumstances described in paragraph .33 include

- a. performing revised procedures,
- b. rewording a procedure or a finding, or
- c. withdrawing from the engagement.

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

### ***Title (Ref: par. .34a)***

**.A49** A title indicating that the practitioner's report is the report of an independent practitioner (for example, "Independent Practitioner's Report," "Report of Independent Certified Public Accountant," or "Independent Accountant's Report") affirms that the practitioner has met all the relevant ethical requirements regarding independence and, therefore, distinguishes the independent practitioner's report from reports issued by others.

### ***Identification of the Subject Matter to Which the Procedures Have Been Applied (Ref: par. .34d)***

**.A50** In identifying the subject matter to which the procedures have been applied, the practitioner may describe the criteria or measurement framework used by the responsible party to develop the subject matter. For example, the identification of the subject matter may be "the cash and accounts receivable of XYZ Company as of December 31, 20XX in accordance with accounting principles generally accepted in the United States of America." Including additional information in the practitioner's report, particularly a general-use report, about the criteria or measurement framework used by the responsible party to develop the subject matter may assist users in determining whether the procedures are appropriate for their purposes.

**.A51** A practitioner may be asked to apply procedures to more than one subject matter. In these engagements, the practitioner may issue one practitioner's report that refers to all subject matter covered. AT-C section 315 contains an example of language that may be used in the introductory paragraph to address such circumstances.<sup>4</sup>

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<sup>4</sup> Paragraph .A32 of AT-C section 315, *Compliance Attestation*.

***Identification of the Responsible Party (Ref: par. .34e)***

**.A52** The following is an example of a statement that the practitioner may include in the practitioner's report when the engaging party is not the responsible party, and identification of the responsible party and its responsibility for the subject matter is based solely on representations received from the engaging party: "In performing our agreed-upon procedures engagement, we have relied solely on representations provided by [the engaging party] relating to the responsible party and its responsibility for [the subject matter]."

***Agreement to and Acknowledgment of the Appropriateness of the Procedures (Ref: par. 34f)***

**.A53** Although not required, the practitioner may consider adding one or more of the following statements to address the risk that a user (particularly of a general-use agreed-upon procedures report) may inappropriately conclude that parties in addition to the engaging party agreed to and acknowledged the appropriateness of the procedures:

- A statement that no other party acknowledged the appropriateness of the procedures
- An identification of any other parties who agreed to and acknowledged the appropriateness of the procedures for their purposes and a statement that these parties have acknowledged that the procedures performed are appropriate for their purposes
- A statement that the procedures are specified in a contract, law, or regulation and a reference to the contract, law, or regulation that clearly indicates that additional parties are parties to the contract, law, or regulation

**.A54** Although not required, the practitioner may make an explicit statement that the practitioner makes no representation regarding the appropriateness of the procedures either for the purpose for which the practitioner's report has been requested or for any other purpose. The practitioner might make this statement to address the risk that a user may conclude that the practitioner represents that the procedures performed are appropriate for the intended purpose of the engagement or for any other purpose.

***Description of the Intended Purpose of the Agreed-Upon Procedures Engagement (Ref: par. 34g)***

**.A55** Because the practitioner is precluded from expressing an opinion or conclusion, it would not be appropriate to state that the intended purpose of the engagement was to determine whether the subject matter was prepared or is stated in accordance with specified criteria or that the practitioner performed the engagement to conclude whether the entity complied with specified criteria.

***Practitioner's Report Not Suitable for Any Other Purpose (Ref: par. .34h)***

**.A56** The practitioner may advise users regarding inappropriate uses of the practitioner's agreed-upon procedures report. For example, the practitioner may advise that the report is not intended for making investment decisions or for use by potential lenders or investors.

***Statement When the Subject Matter Consists of Elements, Accounts, or Items of a Financial Statement (Ref: par. .34o)***

**.A57** If the subject matter consists of elements, accounts, or items of a financial statement, the practitioner's report might, instead, state that the procedures do not constitute an audit (or a review) of financial statements or any part thereof, the objective of which is the expression of an opinion (or conclusion) on the financial statements or a part thereof.

***Relevant Ethical Requirements (Ref: par. .34r)***

**.A58** Relevant ethical requirements consist of the AICPA Code of Professional Conduct together with rules of state boards of accountancy and applicable regulatory agencies that are more restrictive. When the Code of Professional Conduct applies, the practitioner's other ethical responsibilities relate to the "Principles of Professional Conduct" (ET sec. 0.300).

**.A59** Relevant ethical requirements may exist in several different sources, such as ethical codes and additional rules and requirements within law and regulation. When independence and other relevant ethical requirements are contained in a limited number of sources, the practitioner may choose to name the relevant sources (for example, the name of the code, rule, or applicable regulation, or *Government Auditing Standards* promulgated by the Comptroller General of the United States) or refer to a term that appropriately describes those sources.

***Reservations or Restrictions Concerning Procedures or Findings (Ref: par. .34t)***

**.A60** Examples of reservations or restrictions procedures or findings may include the following:

- Disclosure of stipulated facts, assumptions, or interpretations (including the source thereof) used in the application of procedures
- Description of the condition of records, controls, or data to which the procedures were applied
- Explanation that the practitioner has no responsibility to update the practitioner's report
- Explanation that the sample may not be representative of the population

***Signature of the Practitioner (Ref: par. 34u)***

**.A61** In some cases, law or regulation may allow for the use of electronic signatures in the practitioner's report.

**.A62** In certain situations, the practitioner's report may be required by law or regulation to include the personal name and signature of the practitioner, in addition to the practitioner's firm.

***Considerations Specific to Governmental Entities***

**.A63** This section would not preclude a governmental practitioner from including the personal name and signature of the practitioner in the practitioner's report when, in certain situations, the governmental practitioner is required by law or regulation or chooses to do so.

**Practitioner's Address (Ref: par. .34v)**

**.A64** In the United States, the location of the issuing office is the city and state. In another country, it may be the city and country. The city and state where the practitioner practices may be indicated on letterhead that contains the issuing office's location.

**Alert That Restricts the Use of the Practitioner's Agreed-Upon Procedures Report (Ref: par. .35–.36)**

**.A65** Based on the circumstances of the engagement, the practitioner may consider it appropriate to include an alert, in a separate paragraph, that restricts the use of the practitioner's agreed-upon procedures report. Examples of situations in which the practitioner, using professional judgment, may decide to include an alert, in a separate paragraph, that restricts the use of the practitioner's agreed-upon procedures report include the following:

- When the engaging party requests that the use of the report be restricted.
- When agreed-upon procedures are performed on compliance with aspects of contractual agreements, the practitioner may determine to restrict the use of the report to the parties to the contract or agreement.
- When agreed-upon procedures are performed to comply with regulatory requirements, the practitioner may determine to restrict the use of the report to the engaging party and the regulator.
- When agreed-upon procedures are performed relating to certain subject matter (for example, subject matter addressed in the AT-C section 300 series), the practitioner may determine to restrict the use of the report to parties that are known to understand the subject matter.
- When agreed-upon procedures are performed on subject matter that is intended to be used by or is only available to a limited number of parties, the practitioner may determine to restrict the use of the report to such parties.
- When the procedures that the practitioner is engaged to perform are prescribed and the practitioner does not have the ability to perform or design additional procedures, the practitioner may determine to restrict the use of the report to those parties that prescribed the procedures.

**.A66** A practitioner's report that includes an alert that restricts the use of the report may be included in a document that also contains a practitioner's report that is for general use. The inclusion of the separate restricted-use report does not affect the intended use of the general-use report nor does the inclusion of the general-use report affect the intended use of the restricted-use report. The restricted-use report remains restricted as to use, and the general-use report continues to be for general use.

**.A67** A practitioner may also issue a single combined practitioner's report that includes (a) a practitioner's report that includes an alert that restricts its use and (b) a report that is for general use. If these two types of reports are clearly differentiated within the combined report, such as through the use of appropriate headings, the alert that restricts the use of the report may be

limited to the report that includes the alert that restricts its use. In such circumstances, the use of the general-use report is not affected.

**.A68** Law or regulation may require that a practitioner's report be made available to the public as a matter of public record.

**.A69** A practitioner is not responsible for controlling, and cannot control, distribution of the practitioner's report after its release. The alert that restricts the use of the practitioner's report is designed to avoid misunderstandings related to the use of the practitioner's report, particularly if the practitioner's report is taken out of the context in which the practitioner's report is intended to be used. A practitioner may consider informing the engaging party or other specified parties that the practitioner's report is not intended for distribution to parties other than those specified in the practitioner's report. The practitioner may, in connection with establishing the terms of the engagement, reach an understanding with the engaging party that the intended use of the practitioner's report will be restricted and may obtain the engaging party's agreement that the engaging party and specified parties will not distribute such practitioner's report to parties other than those identified therein.

**.A70** The practitioner may identify the specified parties by naming them, referring to a list of those parties, or identifying the class of parties, for example, "all customers of XYZ Company during some or all of the period January 1, 20XX, to December 31, 20XX." The method of identifying the specified parties is determined by the practitioner.

#### **Adding Other Specified Parties After the Release of the Practitioner's Report (Ref: par. .37)**

**.A71** When the practitioner is requested to add an additional specified party, the practitioner may agree to add the additional specified party based on the practitioner's consideration of factors such as the identity of the other parties and the intended use of the practitioner's report. The practitioner is not required to reissue the report to identify the additional specified party in the alert that restricts the use of the report, or if applicable, indicate that the additional specified party agreed to the procedures and acknowledged that the procedures performed are appropriate for their purposes. If the practitioner's report is reissued, the practitioner is not required to change the date of the report.

#### **Knowledge of Matters Outside Procedures (Ref: par. .40)**

**.A72** For example, if, during the course of applying procedures regarding an entity's internal control, the practitioner becomes aware of a material weakness by means other than performance of the procedures, such matter may be included in the practitioner's report.

**.A73** When the practitioner applies procedures to an element, account, or item of a financial statement and has performed an audit or review of the entity's related financial statements, and the practitioner's audit or review report on such financial statements includes a departure from the standard report, the practitioner may include a reference to the audit or review report and the departure from the standard report in the practitioner's agreed-upon procedures report.

### **Communication Responsibilities (Ref: par. .41)**

**.A74** Disclosure of confidential information as defined in the Code of Professional Conduct requires the explicit consent of the engaging party or the responsible party, as appropriate. In circumstances in which such matters are identified, the practitioner may consider discussing with legal counsel or others prior to communicating or taking further action.

### **Documentation (Ref: par. .42)**

**.A75** Documentation prepared at the time work is performed or shortly thereafter is likely to be more accurate than documentation prepared at a much later time.

**.A76** The practitioner need not include in the engagement file superseded drafts of working papers, notes that reflect incomplete or preliminary thinking, previous copies of documents corrected for typographical or other errors, and duplicates of documents.

**Appendix — Amendment to AT-C Section 105, Concepts Common to All Attestation Engagements**

1. This amendment is effective for practitioners' reports dated on or after July 15, 2021. Early implementation is permitted.

(***Boldface italics*** denotes new language. Deleted text is shown in ~~strikethrough~~.)

[No amendment to paragraph .01.]

**.02** An ~~attestation~~ ***examination or review*** engagement is predicated on the concept that a party other than the practitioner makes an assertion about whether the subject matter is measured or evaluated in accordance with suitable criteria. Section 205, *Examination Engagements*; ***and*** section 210, *Review Engagements*; ***and*** section 215, *Agreed-Upon Procedures Engagements*, require the practitioner to request such an assertion in writing when performing an examination; ***or review, or agreed-upon procedures*** engagement.<sup>1</sup> In examination and review engagements, when the engaging party is the responsible party, the responsible party's refusal to provide a written assertion requires the practitioner to withdraw from the engagement when withdrawal is possible under applicable laws and regulations<sup>2</sup> In examination and review engagements, when the engaging party is not the responsible party and the responsible party refuses to provide a written assertion, the practitioner need not withdraw from the engagement but is required to disclose that refusal in the practitioner's report and restrict the use of the report to the engaging party.<sup>3</sup> In ~~an agreed-upon procedures engagement~~, the responsible party's refusal to provide a written assertion requires the practitioner to disclose that refusal in the report.<sup>4</sup> ***The purpose of an examination or review attestation engagement is to provide users of information with an opinion or conclusion regarding subject matter or an assertion about the subject matter, as measured against suitable and available criteria. An examination engagement results in an opinion, and a review engagement results in a conclusion. The purpose of an agreed-upon procedures engagement is to provide users of information with the results of procedures performed by the practitioner on subject matter. An agreed-upon procedures engagement results in findings.***

**.03** This section is not applicable to professional services for which the AICPA has established other professional standards, for example, services performed in accordance with (Ref: par. .A2–.A3)

- a. Statements on Auditing Standards,
- b. Statements on Standards for Accounting and Review Services, ***or***
- c. Statements on Standards for Tax Services; ***or***
- d. ***Statements on Standards for Consulting Services, including litigation services that involve pending or potential legal or regulatory proceedings before a trier of fact. (Ref: par. .A3)***

<sup>1</sup> Paragraph .10 of section 205, *Examination Engagements*; ~~and~~ paragraph .11 of section 210, *Review Engagements*; ~~and~~ paragraph .15 of section 215, *Agreed Upon Procedures*.

<sup>2</sup>Paragraph .82 of section 205 and paragraph .59 of section 210.

<sup>3</sup>Paragraph .84 of section 205 and paragraph .60 of section 210.

<sup>4</sup>~~Paragraph .36 of section 215.~~

[No amendment to paragraphs .04–.08.]

## Objectives

.09 In conducting an attestation engagement, the overall objectives of the practitioner are ~~to as follows:~~

- a. ~~A~~pply the requirements relevant to the attestation engagement; ;
- b. *In an examination or review engagement*, report on the subject matter or assertion, ~~and in an agreed-upon procedures engagement, report on the procedures performed and related findings without providing an opinion or conclusion on the subject matter.~~
- c. ~~and e~~Communicate as required by the applicable AT-C section, in accordance with the results of the practitioner's procedures.; ~~and~~
- ed. Implement quality control procedures at the engagement level that provide the practitioner with reasonable assurance that the attestation engagement complies with professional standards and applicable legal and regulatory requirements.

## Definitions

.10 For purposes of the attestation standards, the following terms have the meanings attributed as follows:

...

**Attestation engagement.** An examination, review, or agreed-upon procedures engagement performed under the attestation standards related to subject matter or an assertion that is the responsibility of another party. The following are the three types of attestation engagements:

- a. **Examination engagement.** An attestation engagement in which the practitioner obtains reasonable assurance by obtaining sufficient appropriate evidence about the measurement or evaluation of subject matter against criteria in order to be able to draw reasonable conclusions on which to base the practitioner's opinion about whether the subject matter is in accordance with (or based on) the criteria or the assertion is fairly stated, in all material respects. (Ref: par. .A7)

- b. **Review engagement.** An attestation engagement in which the practitioner obtains limited assurance by obtaining sufficient appropriate review evidence about the measurement or evaluation of subject matter against criteria in order to express a conclusion about whether any material modification should be made to the subject matter in order for it to be in accordance with (or based on) the criteria or to the assertion in order for it to be fairly stated.(Ref: par. .A8)
- c. **Agreed-upon procedures engagement.** An attestation engagement in which a practitioner performs specific procedures on subject matter or an assertion and reports the findings without providing an opinion or a conclusion ~~on it. The parties to the engagement (specified party), as defined later in this paragraph, agree upon and are responsible for the sufficiency of the procedures for their purposes.~~

...

**Subject matter.** *In an examination or review engagement, the phenomenon that is measured or evaluated by applying criteria. In an agreed-upon procedures engagement, the phenomenon upon which procedures are performed.*

[No amendment to paragraphs .11–.24.]

.25 In order to establish that the preconditions for an attestation engagement are present, the practitioner should determine both of the following:

- a. **Whether** ~~t~~he responsible party is a party other than the practitioner and takes responsibility for the subject matter. (Ref: par. .A35–.A37)
- b. **Whether** ~~t~~he engagement exhibits all of the following characteristics:
  - i. The subject matter is appropriate. (Ref: par. A36–.A38–.A41–.A43)
  - ii. *In an examination or review engagement,* ~~t~~he criteria to be applied in the preparation and evaluation of the subject matter are suitable and will be available to the intended users. (Ref: par. A42–.A44–.A52–.A54)
  - iii. The practitioner expects to be able to obtain the evidence needed to arrive at the practitioner's opinion, conclusion, or findings, including (Ref: par. A53–.A55–.A54–.A56)

- (1) access to all information of which the ~~responsible~~ *appropriate* party is aware that is relevant to the measurement, evaluation, or disclosure of the subject matter;
  - (2) access to additional information that the practitioner may request from the ~~responsible~~ *appropriate* party for the purpose of the engagement; and
  - (3) unrestricted access to persons within the appropriate party(ies) from whom the practitioner determines it necessary to obtain evidence.
- iv. The practitioner's opinion, conclusion, or findings, in the form appropriate to the engagement, is to be contained in a written practitioner's report.

[No amendment to paragraphs .26–.A1.]

~~.A2A3 The attestation standards do not apply to litigation services that involve pending or potential legal or regulatory proceedings before a trier of fact when the practitioner has not been engaged to issue, and does not issue, a practitioner's examination, review, or agreed-upon procedures report on subject matter or an assertion that is the responsibility of another party and any of the following Examples of litigation services include the following circumstances exist:~~

- a. The service comprises being an expert witness.
- b. The service comprises being a trier of fact or acting on behalf of one.
- c. The practitioner's work under the rules of the proceedings is subject to detailed analysis and challenge by each party to the dispute.
- d. The practitioner is engaged by an attorney to do work that will be protected by the attorney's work product or attorney-client privilege, and such work is not intended to be used for other purposes.

~~.A3A2 Because performance audits performed pursuant to *Government Auditing Standards* do not require a practitioner's examination, review, or agreed-upon procedures report as described in this section, this section does not apply to performance audits unless the practitioner engaged to conduct a performance audit is also engaged to conduct an AICPA attestation engagement or issues such an examination, review, or agreed-upon procedures report.~~

[No amendment to paragraphs .A4–.A27.]

~~.A28 Some report forms can be made acceptable by inserting additional wording to include the elements required by sections 205, 210, and 215.<sup>6</sup> Some report forms required by law or regulation can be made acceptable only by complete revision because the prescribed language of the practitioner's report calls for statements by the practitioner that are not consistent with the practitioner's function or responsibility, for example, a report form that requests the practitioner to "certify" the subject matter.~~

<sup>6</sup> Paragraphs .63–.66 of section 205, paragraphs .46–.49 of section 210, and paragraphs .35 .32–.33 of section 215.

[No amendment to paragraphs .A29–.A34.]

Roles and Responsibilities (*Ref: par. .25*)

.A35 All attestation engagements have an engaging party, a responsible party, the practitioner, and intended users. In some attestation engagements, the engaging party is different from the responsible party. In other attestation engagements, the engaging party, the responsible party, and the intended users may all be the same.

[Paragraph .A35 is renumbered to paragraph .A36. The content is unchanged.]

.A37 Evidence that the appropriate relationship exists with respect to responsibility for the subject matter may be obtained through an acknowledgment provided by the responsible party. Such an acknowledgment also establishes a basis for a common understanding of the responsibilities of the responsible party and the practitioner. A written acknowledgment is the most appropriate form of documenting the responsible party's understanding. In the absence of a written acknowledgment of responsibility, it may still be appropriate for the practitioner to accept the engagement if, for example, other sources, such as legislation or a contract, indicate responsibility. In other cases, it may be appropriate to decline the engagement depending on the circumstances or disclose the circumstances in the attestation report.

[Paragraph .A36 is renumbered to paragraph .A38. The content is unchanged.]

.A37–A39 An appropriate subject matter

- a. is identifiable and, *in an examination or review engagement*, is capable of consistent measurement or evaluation against the criteria and
- b. can be subjected to procedures for obtaining sufficient appropriate evidence to support an opinion, conclusion, or findings, as appropriate.

[Paragraph .A38 is renumbered to paragraph .A40. The content is unchanged.]

.A39–A41 Different subject matters have different characteristics, including the degree to which information about them is qualitative versus quantitative, objective versus subjective, historical versus prospective, and relates to a point in time or covers a period. Such characteristics affect the following:

- a. *In an examination or review engagement*, the precision with which the subject matter can be measured or evaluated against criteria

- b. The persuasiveness of available evidence

[Paragraphs .A40–.A53 are renumbered to paragraphs .A42–.A55. The content is unchanged.]

**.A54–A56** The quantity or quality of available evidence is affected by both of the following:

- a. The characteristics of the subject matter, for example, less objective evidence might be expected when the subject matter is future-oriented, rather than historical
- b. Other circumstances, such as when evidence that could reasonably be expected to exist is not available, for example, because of the timing of the practitioner's appointment, an entity's document retention policy, inadequate information systems, or a restriction imposed by the responsible *or engaging* party

[Paragraphs .A55–.A74 are renumbered to paragraphs .A57–.A76. The content is unchanged.]

## **Exhibit — Illustrative Practitioner’s Agreed-Upon Procedures Reports**

The illustrative practitioner’s agreed-upon procedures reports in this exhibit meet the applicable reporting requirements in paragraphs .34–.37. A practitioner may use alternative language in drafting an agreed-upon procedures report, provided that the language meets the applicable requirements in paragraphs .34–.37.

### **Example 1: Practitioner’s Agreed-Upon Procedures Report Related to a Statement of Investment Performance Statistics**

Circumstances include the following:

- The engaging party is the responsible party.
- The practitioner has assisted in the development of the procedures.
- No party other than the engaging party has agreed to the procedures and acknowledged that the procedures are appropriate for their purposes.

### **Independent Accountant’s Report**

*[Appropriate Addressee]*

We have performed the procedures enumerated below on *[identify the subject matter, for example, the accompanying Statement of Investment Performance Statistics of XYZ Fund for the year ended December 31, 20X1]. [The responsible party, for example, XYZ Fund]* is responsible for *[the subject matter]*.

*[The engaging party, for example, XYZ Fund]* has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of *[identify the intended purpose of the engagement, for example, assisting users in understanding the Statement of Investment Performance Statistics of XYZ Fund for the year ended December 31, 20X1]*. 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 *[the engaging party, for example, XYZ Fund]* to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the AICPA. 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 *[identify the subject matter, for example, the accompanying Statement of Investment Performance Statistics of XYZ Fund for the year ended December 31, 20X1]*. 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 Fund and to meet our other ethical responsibilities, in accordance with the 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 2: Practitioner's Agreed-Upon Procedures Report Related to Cash and Accounts Receivable**

Circumstances include the following:

- The engaging party is not the responsible party.
- Other than the engaging party, no other party has agreed to the procedures and acknowledged that the procedures are appropriate for their purposes.

### **Independent Accountant's Report**

*[Appropriate Addressee]*

We have performed the procedures enumerated below on *[identify the subject matter, for example, the cash and accounts receivable of XYZ Company as of December 31, 20XX, included in the accompanying information provided to us by management of XYZ Company]*. *[The responsible party, for example, XYZ Company]* is responsible for *[the subject matter]*.

[The engaging party, for example, ABC Company] has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of [identify the intended purpose of the engagement, for example, assisting users in understanding cash and accounts receivable of XYZ Company as of December 31, 20XX, included in the accompanying information provided to us by management of ABC Company]. 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:

### Cash

1. For the four bank accounts listed below, we obtained from XYZ Company management
  - a. the December 31, 20XX, bank reconciliations and
  - b. the December 31, 20XX, general ledger.
2. We performed the following procedures:
  - a. Obtained a bank confirmation directly from each bank of the cash on deposit as of December 31, 20XX
  - b. Compared the balance confirmed by the bank to the amount shown on the respective bank reconciliations
  - c. Mathematically recomputed the bank reconciliations
  - d. Compared the cash balances per book listed in the reconciliations below to the respective general ledger account balances

#### *Cash, December 31, 20XX*

<i>Bank</i>	<i>Cash Balance per Book</i>
DEF National Bank, general ledger account 123	\$ 5,000
LMN State Bank, general ledger account 124	3,776

RST Trust Company regular account, general ledger account 125	86,912
RST Trust Company payroll account, general ledger account 126	5,000
	<u>\$ 110,688</u>

We found no exceptions as a result of the procedures.

### **Accounts Receivable**

- 3. We obtained the accounts receivable aged trial balance as of December 31, 20XX, from XYZ Company (attached as exhibit A). We mathematically checked that the individual customer account balance subtotals in the aged trial balance of accounts receivable agreed to the total accounts receivable per the aged trial balance. We compared the total accounts receivable per the accounts receivable aged trial balance to the total accounts receivable per general ledger account 250.

We found no exceptions as a result of the procedures.

- 4. We obtained the accounts receivable subsidiary ledger as of December 31, 20XX, from XYZ Company. We compared the individual customer account balance subtotals shown in the accounts receivable aged trial balance (exhibit A) as of December 31, 20XX, to the balances shown in the accounts receivable subsidiary ledger.

We found no exceptions as a result of the procedures.

- 5. We selected 50 customer account balances from exhibit A by starting at the 8th item and selecting every 15th item thereafter until 50 were selected. The sample size selected represents 9.8% of the aggregate amount of the customer account balances. We obtained the corresponding invoices from XYZ Company and traced the aging (according to invoice dates) for the 50 customer account balances shown in exhibit A to the details of outstanding invoices in the accounts receivable subsidiary ledger.

We found no exceptions as a result of the procedures.

- 6. We mailed confirmations directly to the customers representing the 150 largest customer account balance subtotals selected from the accounts receivable aged trial balance, and we received responses as indicated below. As agreed, any individual differences in a customer account balance of less than \$300 were to be considered minor, and no further procedures were performed.

Of the 150 customer balances confirmed, we received responses from 140 customers; 10 customers did not reply.

No exceptions were identified in 120 of the confirmations received. The differences in the remaining 20 confirmation replies were less than \$300.

For the 10 customers that did not reply, we traced the items constituting the outstanding customer account balance to invoices and supporting shipping documents.

A summary of the confirmation results according to the respective aging categories is as follows.

<i>Accounts Receivable December 31, 20XX</i>			
<i>Aging Categories</i>	<i>Customer Account Balances</i>	<i>Confirmations Requested</i>	<i>Confirmations Received</i>
Current	\$ 156,000	\$ 76,000	\$65,000
Past due:			
Less than 1 month	60,000	30,000	19,000
1–3 months	36,000	18,000	10,000
Over 3 months	48,000	48,000	8,000
	\$300,000	\$172,000	\$102,000

We were engaged by [*the engaging party, for example, ABC Company*] to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the AICPA. 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 [*identify the subject matter*]. 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 the 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 3: Practitioner's Agreed-Upon Procedures Report in Connection With Claims of Creditors**

Circumstances include the following:

- The engaging party is the responsible party.
- The engaging party and one specified party have prescribed the procedures for the practitioner to perform. The engaging party and the specified party have both agreed the procedures and have acknowledged that the procedures are appropriate for the intended purpose of the engagement and their purposes, respectively.
- The practitioner has determined to disclose in the agreed-upon procedures report that the specified party has agreed to and acknowledged that the procedures are appropriate for their purposes.
- The practitioner has determined to restrict the use of the agreed-upon procedures report to the parties that prescribed the procedures.

#### **Independent Accountant's Report**

[Appropriate Addressee]

We have performed the procedures enumerated below on [*identify the subject matter, for example, the claims of creditors of XYZ Company as of May 31, 20XX, as set forth in the accompanying Schedule A*]. [*The responsible party, for example, XYZ Company*] is responsible for [*the subject matter*].

[*The engaging party, for example, XYZ Company*] has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of [*identify the intended purpose of the engagement, for example, assisting users in understanding the claims of creditors of XYZ Company as of May 31, 20XX, as set forth in the accompanying Schedule A*]. Additionally, [*identify the other party or parties that has or have agreed to and acknowledged that the procedures performed are appropriate to meet their purposes, for example, the Trustee of XYZ Company*] has agreed to and acknowledged that the procedures performed are appropriate to meet for their purposes. 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 associated findings are as follows:

1. Obtained the general ledger and the accounts payable trial balance as of May 31, 20XX, from XYZ Company. Compared the total of the accounts payable trial balance to the total accounts payable balance in general ledger account 450.

The total of the accounts payable trial balance agreed with the total accounts payable balance in the general ledger account number 450.

2. Obtained the claim form submitted by creditors in support of the amounts claimed from XYZ Company. Compared the creditor name and amounts from the claim form to the respective name and amounts shown in the accounts payable trial balance obtained in procedure 1. For any differences identified, requested XYZ Company to provide supporting detail. Compared such identified differences to the supporting detail provided.

All differences noted are presented in column 3 of Schedule A. Except for those amounts shown in column 4 of Schedule A, all such differences were agreed to [*describe supporting detail*].

3. Using the claim form obtained in procedure 2, compared the name and amount to invoices, and if applicable, receiving reports, provided by XYZ Company.

No exceptions were found as a result of this procedure.

We were engaged by [*the engaging party, for example, XYZ Company*] to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the AICPA. 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 [*identify the subject matter, for example, the claims of creditors of XYZ Company as of May 31, 20XX, as set forth in the accompanying Schedule A*]. 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 the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of [*identify the specified parties, for example, XYZ Company and the Trustee of XYZ Company*], and is not intended to be, and should not be, used by anyone other than these specified parties.

[*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 in Which Procedures Are Specified in Regulation**

Circumstances include the following:

- The engaging party has agreed to the procedures and acknowledged that the procedures are appropriate for the intended purpose of the engagement.
- The procedures are prescribed in regulation.
- The practitioner has determined to restrict the use of the agreed-upon procedures report to the engaging party and the regulator.

#### **Independent Accountant's Report**

[Appropriate Addressee]

We have performed the procedures enumerated below on [*identify the subject matter, for example, the financial accounts of the engaging party during the year ended December 31, 20XX*]. [*The responsible party*] is responsible for [*the subject matter*].

[*The engaging party*] has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of [*identify the intended purpose of the engagement, for example, assisting users in understanding the financial accounts of the engaging party during the year ended December 31, 20XX*]. 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 [*the engaging party*] to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the AICPA. 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 [*identify the subject matter*]. 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 [*the responsible party*] and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of [*identify the specified parties, for example, the engaging party and the State of XXX*], and is not intended to be, and should not be, used by anyone other than these specified parties.

[*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*]