



Agenda Item 1A

EXPOSURE DRAFT

PROPOSED STATEMENT ON STANDARDS FOR ATTESTATION ENGAGEMENTS

SELECTED PROCEDURES

September 1, 2017

Comments are requested by December 1, 2017

Prepared by the AICPA Accounting and Review Services Committee for comment from persons interested in attestation and reporting issues.

Comments should be addressed to Mike Glynn at mike.glynn@aicpa-cima.com.



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EXPLANATORY MEMORANDUM

Introduction

This memorandum provides background on the proposed Statement on Standards for Attestation Engagements (SSAE) *Selected Procedures*.

Background

The Accounting and Review Services Committee (ARSC) and the Auditing Standards Board (ASB) (collectively the “committees”) have been engaged in ongoing discussions about whether there are opportunities in practice, and in the public interest, to expand a practitioner’s ability to perform procedures and report in a procedures and findings format beyond that currently provided by AT-C section 215, *Agreed-Upon Procedures Engagements*.¹ The proposed standard is a result of those discussions.

The project to develop the proposed standard is a joint effort of the committees.

The proposed standard would

- provide flexibility by not requiring the specified parties to either establish the procedures or agree to the sufficiency of the procedures for their purposes. In a selected procedures engagement, the practitioner may determine the procedures to be performed and no party would be required to take responsibility for the sufficiency of the procedures. This allows the practitioner to perform the engagement in situations in which the specified parties may not have the ability or willingness to fully develop or determine the procedures, without having to perform a separate consulting services engagement.
- not include a requirement to either request an assertion or disclose in the accountant’s report when the practitioner does not obtain a written assertion. This is because the appropriate party may not have the ability or may not otherwise be willing to perform its own measurement or evaluation of the subject matter.
- not include a requirement for the practitioner to restrict the use of the report. This flexibility allows the report to be used by a wider audience including parties who are unwilling or unable to agree to the sufficiency of the procedures for their purposes.

These issues are more fully described in the section “Issues for Consideration and Specific Requests for Comment” of this document.

The ASB has also undertaken a separate but related project to consider amending the attestation standards for examination, review, and agreed-upon procedures engagements to address situations in which a responsible party does not provide a written assertion to the practitioner. Depending on the outcome of that broader project, the extant attestation literature, including AT-C section 215, could be revised to eliminate the requirement of requesting a written assertion from the responsible party.²

¹ All AT-C sections can be found in AICPA *Professional Standards*.

² Paragraph .15 of AT-C section 215, *Agreed-Upon Procedures Engagements*.

Format of the Exposure Draft

This exposure draft is presented in a columnar format in which requirements and related application guidance are presented side by side instead of in the more customary sequential presentation. This approach has been efficient for the ARSC and ASB in developing and reviewing the proposed SSAE, and it is used here for the benefit of respondents. The resulting SSAE will be issued in the traditional format.

Effective Date

If issued as final, the SSAE will be effective for reports dated on or after May 1, 2019. This effective date is provisional, due to the interaction with the broader project described previously, but will not be earlier than May 1, 2019. Early implementation will be permitted.

Issues for Consideration and Specific Requests for Comment

Concepts From AT-C section 105, Concepts Common to All Attestation Engagements

Respondents are alerted that the proposed standard has been drafted such that AT-C section 105 would not apply. The ARSC determined that the proposed standard should be drafted in this manner so that respondents would be able to see all requirements that are proposed to apply to a selected procedures engagement. However, it is anticipated that, if the proposed standard is issued as final, the AT-C section 105 elements incorporated in this exposure draft would be removed and conforming changes would be made to AT-C section 105 so that it applies to selected procedures engagements in addition to examinations, reviews, and agreed-upon procedures engagements. Such conforming changes would include elimination of the predication that an attestation engagement is based on a party other than the practitioner making an assertion about whether the subject matter is measured or evaluated in accordance with suitable criteria because the proposed standard does not include a requirement for the practitioner to request an assertion from any party. The AT-C section 105 elements incorporated in the proposed standard include certain revisions in the context of a selected procedures engagement. Such elements, which presumably would not be included in the final standard but instead would result in conforming changes to AT-C section 105, include the following:

- Definitions
- Compliance With This Proposed Standard
- Relationship of This Proposed Standard to Quality Control Standards
- Acceptance and Continuance
- Preconditions for a Selected Procedures Engagement
- Acceptance of a Change in the Terms of the Engagement
- Professional Skepticism and Professional Judgment
- Using the Work of an Other Practitioner
- Documentation
- Engagement Quality Control Review

Issue 1—Nature of the Proposed Service and Development of the Procedures to Be Performed

In conducting an agreed-upon procedures engagement in accordance with AT-C section 215, the practitioner's objectives include applying to the subject matter procedures that are established by specified parties who are responsible for the sufficiency of the procedures for their purposes. In practice, specified parties often request that the practitioner assist in the development of the procedures to meet a certain objective.

Further, paragraph .14g of AT-C section 215 requires that the agreed-upon terms of the engagement include agreement on the procedures by enumerating (or referring to) the procedures. In circumstances in which the agreed-upon procedures evolve or are modified over the course of the engagement, paragraph .18 of AT-C section 215 requires that the practitioner amend the engagement letter or other suitable form of written agreement, as applicable, to reflect the modified procedures.

The proposed standard would provide greater flexibility by allowing the procedures to be developed by the practitioner, the engaging party, another party, or a combination of these parties, including during the course of the engagement. Although none of these parties would be required to take responsibility for the sufficiency of the procedures, any or all may take such responsibility.

The proposed standard would require the engaging party to determine the intended purpose of the engagement (that is, the use for which the practitioner's report is intended) and to provide a written acknowledgment regarding their awareness of the actual procedures performed.

Individual users of the selected procedures report would make their own determinations about whether the procedures performed were sufficient for their purposes. To clearly communicate this, the proposed report is required to include a statement that the procedures performed may not address all items of interest to a user and may not meet the needs of all users and, as such, users are responsible for determining the sufficiency of the procedures for their intended purpose.

Specific Request for Comment 1A

Is the proposed expansion of the practitioner's ability to perform procedures and report in a procedures and findings format beyond that currently provided by AT-C section 215 needed and in the public interest? If so, provide specific examples of when, in practice, a practitioner may perform an engagement in accordance with the proposed standard.

Specific Request for Comment 1B

Please provide feedback about whether you believe the proposed standard appropriately addresses the objective of providing flexibility regarding the development of the procedures to be performed by the practitioner and the nature and extent of the responsibilities of the parties to the engagement.

Specific Request for Comment 1C

Do you agree with the proposal that no party would be required to take responsibility for the sufficiency of the procedures in a selected procedures engagement?

Specific Request for Comment 1D

Related to Specific Request for Comment 1C, consider and provide feedback about whether you believe the proposed reporting requirements appropriately communicate the following:

- a. When no party takes responsibility for the sufficiency of the procedures
- b. When the practitioner, the engaging party, another party, or a combination of these parties take responsibility for the sufficiency of the procedures
- c. The responsibilities (or lack thereof) of the practitioner, engaging party, and the party responsible for the subject matter
- d. The limitations of the engagement

Issue 2—Use of the Report

A practitioner's agreed-upon procedures report is required to include an alert that restricts its use to those specified parties who have agreed to the procedures to be performed by the practitioner and who are responsible for the sufficiency of the procedures for their purposes. As stated in Issue 1, the proposed standard does not include a requirement for specified parties to establish the procedures to be performed by the practitioner or to take responsibility for the sufficiency of the procedures. The proposed standard does not require that the report include an alert restricting the use of the report to specified parties unless the practitioner determines that the criteria used to evaluate the subject matter are (a) appropriate only for a limited number of parties who either participated in their establishment or can be presumed to have an adequate understanding of the criteria or (b) available only to the specified parties.

In practice, practitioners often receive requests from clients to leverage the practitioner's expertise or to assist in enhancing the credibility or trustworthiness of information. Permitting general-use procedures and findings reports would have the benefit of providing practitioners with flexibility in being responsive to client requests and the needs of users of the practitioner's report.

The practitioner would not be precluded from restricting the use of the selected procedures report if the engaging party asks that the report be restricted or if the practitioner deems a restriction on the use of the selected procedures report to be appropriate. Practitioners may decide to restrict the use of the selected procedures report to a specific class of users. The proposed standard provides an exhibit with illustrations that include an alert that restricts the use of the selected procedures report to a class of users.

Specific Request for Comment 2A

Do you agree with the permission of general-use selected procedures reports? If you don't agree, please explain why.

Specific Request for Comment 2B

If general-use selected procedures reports are permitted, should additional language be included in the practitioner's selected procedures report such as disclosure of the party or parties that determined the procedures to be performed by the practitioner?

Issue 3—Requesting or Obtaining an Assertion from a Responsible Party

In accordance with paragraph .15 of AT-C section 215, when the responsible party does not provide the practitioner with a written assertion (assuming that the practitioner is willing to issue a report), the practitioner is required to disclose in the practitioner's report the responsible party's refusal to provide a written assertion.

In practice, specifically in situations in which the engaging party is not the responsible party, the responsible party may not be expected to or otherwise be willing to provide a written assertion. Also, the engaging party may not have performed its own measurement or evaluation of the subject matter of the agreed-upon procedures engagement against the criteria and therefore is unable to provide an assertion. The proposed standard does not require the practitioner to request or obtain an assertion from any party, thus providing flexibility by permitting the practitioner to perform the initial measurement or evaluation of the subject matter (assuming that the practitioner does not impair his or her independence by doing so).

Specific Request for Comment 3A

Do you agree that the practitioner should not be required to request or obtain a written assertion from the responsible party in a selected procedures engagement?

Although the proposed standard does not require a written assertion from the responsible party, it does require that the practitioner request certain written representations from the engaging party and, in situations in which the engaging party is not the responsible party, from the responsible party as well.

Specific Request for Comment 3B

In addition to those representations required by the proposed standard and in the absence of requiring that the responsible party provide a written assertion, are there any other written representations that the practitioner should be required to request in a selected procedures engagement? If so, please provide specific representations that the practitioner should be required to request.

Issue 4—The Proposed Standard Versus an Agreed-Up On Procedures Engagement

Consistent with the extant attestation standards, the proposed standard is engagement driven, which means that it would apply only when a practitioner is engaged to issue, or does issue, a practitioner's selected procedures report. Although the proposed standard does include a discussion of the fundamental differences between a selected procedures engagement and an agreed-upon procedures engagement, it does not include a "framework" for determining when a practitioner should perform a selected procedures engagement, an agreed-upon procedures engagement, or a consulting engagement. The standard has been developed such that the determination would be a marketplace decision based on a number of factors, including whether the engaging party is required to or is requested to take responsibility for the measurement or evaluation of the subject matter in accordance with the criteria, to determine the procedures to be performed, or to agree on the sufficiency of the procedures, as well as whether the practitioner wishes to accept such an engagement.

Specific Request for Comment 4A

Do you agree that the proposed standard should be market driven, or are there instances in which a practitioner should be precluded from performing a selected procedures engagement? If there

are instances in which the practitioner should be precluded from performing a selected procedures engagement, please provide specific instances and the reasons why.

Specific Request for Comment 4B

Do you believe the proposed standard should be included in the professional literature (a) as revisions to AT-C section 215 (resulting in the agreed-upon procedures and selected procedures requirements and guidance being codified together) or (b) as a stand-alone AT-C section (for example, AT-C section 220)? Please provide reasoning for your preference.

Guide for Respondents

Respondents are asked to provide comments on Specific Request for Comment Nos. 1A–4B as well as on the content of the proposed SSAE.

Comments are most helpful when they refer to specific paragraphs, include the reasons for the comments, and (when appropriate) make specific recommendations for any suggested changes to wording. When a respondent agrees with proposals in the exposure draft, it will be helpful for the ARSC to be made aware of this view, as well.

Written comments on the exposure draft will become part of the public record of the AICPA and will be available for public inspection at the AICPA offices after December 1, 2017, for a period of one year. Responses should be sent to Mike Glynn at mike.glynn@aicpa-cima.com by December 1, 2017.

Comment Period

The comment period for this exposure draft ends on December 1, 2017.

Accounting and Review Services Committee
(2016–2018)

Mike Fleming, *Chair*
Denny F. Ard
Sheila Balzer
Jimmy E. Burkes

Jeremy Dillard
David Johnson
Dustin Verity

Selected Procedures Task Force

Denny F. Ard, *Chair*
Jeremy Dillard
Marne Doman
Dan Hevia

David Johnson
Michael Manspeaker
Paul Penler
Chad Singletary

Messrs. Hevia and Singletary are members of the ASB. Mr. Manspeaker is a member of the Private Companies Practice Section Technical Issues Committee. In addition, Mr. Fleming; Michael J. Santay, chair of the ASB; and Catherine M. Schweigel, ASB member and chair of the ASB's Non-Assertion Based Examination and Review Engagements Task Force, are observers of the Selected Procedures Task Force.

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Selected Procedures Engagements

Introduction, Effective Date, Objective, Definitions, and Requirements Paragraphs	Application and Other Explanatory Material
<p>Introduction</p> <p>1 This proposed standard applies to engagements in which a CPA in the practice of public accounting is engaged to issue, or does issue, a report of findings based on selected procedures applied to subject matter that is the responsibility of another party. The selected procedures may be developed by the practitioner, the engaging party, another party, or a combination of these parties, none of whom are required to take responsibility for the sufficiency of those procedures for any purpose; however, any or all may take such responsibility. Individual users of the selected procedures report make their own determinations about how the report is to be used, based on the procedures performed and the related findings, and whether the procedures performed were sufficient for their purposes. In a selected procedures engagement, the practitioner does not perform an examination or a review and does not provide an opinion or conclusion. The selected procedures report may be intended for a broad range of users and is not required to be restricted as to use. (Ref: par. A1–A2)</p> <p>2 Although a selected procedures engagement has many features in common with an agreed-upon procedures engagement,¹ fundamental differences between a selected</p>	<p>Introduction (Ref: par 1–2)</p> <p>A1 The subject matter of a selected procedures engagement may take many forms, including the following:</p> <ul style="list-style-type: none"> a. Historical or prospective performance or condition, for example, historical or prospective financial information, performance measurements, and backlog data b. Physical characteristics, for example, narrative descriptions or square footage of facilities c. Historical events, for example, the price of a market basket of goods on a certain date d. Analyses, for example, break-even analyses e. Systems and processes, for example, internal control f. Behavior, for example, corporate governance, compliance with laws and regulations, and human resource practices <p>The subject matter may be as of a point in time or for a period of time.</p> <p>A2 The procedures to be performed may be as limited or as extensive as appropriate to meet the purpose of the engagement.</p> <p>A3 Nothing in this standard is intended to preclude a practitioner from performing a selected procedures engagement and an agreed-upon procedures engagement on the same subject matter.</p>

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<p>procedures engagement and an agreed-upon procedures engagement include the following: (Ref: par. A3)</p> <ul style="list-style-type: none">a. In a selected procedures engagement, the practitioner is not required to request or obtain an assertion from any party.b. In a selected procedures engagement, there is no requirement regarding who determines the procedures to be applied and the practitioner may determine such procedures. In an agreed-upon procedures engagement, the specified parties determine the procedures they believe to be appropriate to be applied by the practitioner.c. In a selected procedures engagement, no party is required to take responsibility for the sufficiency of the procedures performed for any purpose. However, the practitioner, the engaging party, or another party may take such responsibility.d. In a selected procedures engagement, the practitioner's report is not required to be restricted. <p>¹ AT-C section 215, <i>Agreed-Upon Procedures Engagements</i>, provides performance and reporting requirements and application guidance for an agreed-upon procedures engagement.</p> <p>3 This proposed standard does 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 selected</p>	

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<p>procedures report on subject matter that is the responsibility of another party and any of the following circumstances exist:</p> <ul style="list-style-type: none"> 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. <p>4 Because performance audits performed pursuant to <i>Government Auditing Standards</i> do not require a practitioner's selected procedures report as described in this proposed standard, this proposed standard does not apply to performance audits unless the practitioner engaged to conduct a performance audit is also engaged to conduct a selected procedures engagement or issues such a selected procedures report.</p> <p>Scope of This Standard</p> <p>5 When a practitioner performs services pursuant to an engagement to apply selected procedures to subject matter as part of or in addition to another form of service, this proposed standard applies only to those services described herein; other</p>	<p>Scope of This Standard (Ref: par. 5 and 11)</p> <p>A4 Another form of service may include an audit, review, compilation, or preparation of financial statements; an examination, review, or agreed-upon procedures engagement performed pursuant to the attestation standards; or a nonattest service other than financial</p>

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<p>professional standards would apply to the other services. (Ref: par. A4)</p>	<p>statement preparation such as engagements performed in accordance with CS section 100, <i>Consulting Services: Definitions and Standards</i> (AICPA, <i>Professional Standards</i>). A practitioner's selected procedures report may be combined with a practitioner's report on such other services, provided the types of services can be clearly distinguished and the applicable standards for each service are followed.</p>
<p>Effective Date</p>	
<p>6 If issued as final, this standard will be effective for reports dated on or after May 1, 2019.* Early implementation will be permitted.</p> <p>* The proposed effective date is provisional but will not be earlier than May 1, 2019.</p>	
<p>Objectives</p> <p>7 In conducting a selected procedures engagement, the objectives of the practitioner are to</p> <ul style="list-style-type: none"> a. apply procedures to the subject matter and b. issue a written practitioner's report that describes the procedures applied and the practitioner's findings. 	
<p>Definitions</p>	<p>Definitions</p>
<p>8 For purposes of this proposed standard, the following terms have the meanings attributed as follows:</p> <p>Criteria. The benchmarks used to measure or evaluate the subject matter. (Ref: par. A5)</p>	<p>Criteria (Ref: par. 8) A5 Suitable criteria are required for reasonably consistent measurement or evaluation of subject matter. Without the frame of reference provided by suitable criteria, any conclusion is open to individual interpretation and misunderstanding. The suitability of criteria is context sensitive; that is, suitability is determined in the context of the engagement circumstances. Even for the same subject</p>

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<p>Documentation completion date. The date on which the practitioner has assembled for retention a complete and final set of documentation in the engagement file.</p> <p>Engagement circumstances. The broad context defining the particular engagement, which includes the terms of the engagement; the characteristics of the subject matter; the criteria; the information needs of the intended users; relevant characteristics of the entity and, if different, the engaging party and their environment; and other matters, for example, events, transactions, conditions and practices, and relevant laws and regulations, that may have a significant effect on the engagement.</p> <p>Engagement documentation. The record of procedures performed, relevant evidence obtained, and findings of the practitioner. (Terms such as <i>working papers</i> or <i>workpapers</i> are also sometimes used).</p> <p>Engagement partner. The partner or other person in the firm who is responsible for the selected procedures engagement and its performance and for the practitioner's report that is issued on behalf of the firm and who, when required, has the appropriate authority from a professional, legal, or regulatory body. <i>Engagement partner, partner, and firm</i> refer to their governmental equivalents when relevant.</p> <p>Engagement team. All partners and staff performing the engagement and any individuals engaged by the firm or a network firm who perform procedures on the engagement. This excludes a practitioner's external specialist and engagement quality control reviewer engaged by the firm or</p>	<p>matter, there can be different criteria, which will yield a different measurement or evaluation. For example, one party might select the number of customer complaints resolved to the acknowledged satisfaction of the customer as a criterion for the subject matter of customer satisfaction; another party might select the number of repeat purchases in the three months following the initial purchase.</p>

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<p>a network firm. The term <i>engagement team</i> also excludes individuals within the client's internal audit function who provide direct assistance.</p> <p>Engaging party. The party(ies) that engages the practitioner to perform the selected procedures engagement.</p> <p>Evidence. Information used by the practitioner in arriving at the findings on which the practitioner's report is based.</p> <p>Firm. A form of organization permitted by law or regulation whose characteristics conform to resolutions of the Council of the AICPA and that is engaged in the practice of public accounting.</p> <p>Fraud. An intentional act involving the use of deception that results in a misstatement in the subject matter.</p> <p>General use. Use of a practitioner's report that is not restricted to specified parties.</p> <p>Internal audit function. A function of an entity that performs assurance and consulting activities designed to evaluate and improve the effectiveness of the entity's governance, risk management, and internal control processes.</p> <p>Interpretive publications. Interpretations of this proposed standard; exhibits to this proposed standard; guidance on selected procedures engagements included in AICPA Audit and Accounting Guides; and AICPA Statements of Position, to the extent that those statements are applicable to selected procedures engagements.</p>	

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<p>Network firm. A firm or other entity that belongs to a network, as defined in ET section 0.400, <i>Definitions</i> (AICPA, <i>Professional Standards</i>).</p> <p>Other practitioner. An independent practitioner who is not a member of the engagement team who performs work on information that will be used as evidence by the practitioner performing the selected procedures engagement. An other practitioner may be part of the practitioner's firm, a network firm, or another firm.</p> <p>Other selected procedures publications. Publications other than interpretive publications. These include AICPA selected procedures publications not defined as interpretive publications; articles addressing selected procedures engagements in the <i>Journal of Accountancy</i> and other professional journals; continuing professional education programs and other instruction materials, textbooks, guide books, programs for selected procedures engagements, and checklists; and other publications addressing selected procedures engagements from state CPA societies, other organizations, and individuals.</p> <p>Practitioner. The person or persons conducting the engagement, usually the engagement partner or other members of the engagement team, or, as applicable, the firm. When this proposed standard expressly intends that a requirement or responsibility be fulfilled by the engagement partner, the term <i>engagement partner</i>, rather than <i>practitioner</i>, is used. <i>Engagement partner</i> and <i>firm</i> are to be</p>	

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<p>read as referring to their governmental equivalents when relevant.</p> <p>Practitioner’s specialist. An individual or organization possessing expertise in a field other than accounting or attestation, whose work in that field is used by the practitioner to assist the practitioner in obtaining evidence for the service being provided. A practitioner's specialist may be either a practitioner's internal specialist (who is a partner or staff, including temporary staff, of the practitioner's firm or a network firm) or a practitioner's external specialist. <i>Partner</i> and <i>firm</i> refer to their governmental equivalents when relevant.</p> <p>Professional judgment. The application of relevant training, knowledge, and experience, within the context provided by this proposed standard and ethical standards, in making informed decisions about the courses of action that are appropriate in the circumstances of the selected procedures engagement.</p> <p>Professional skepticism. An attitude that includes a questioning mind, being alert to conditions that may indicate possible misstatement due to fraud or error, and a critical assessment of evidence.</p> <p>Report release date. The date on which the practitioner grants the engaging party permission to use the practitioner's report.</p> <p>Selected procedures engagement. An attestation</p>	

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<p>engagement in which a practitioner performs procedures on subject matter and reports the findings without providing an opinion or a conclusion on it. The selected procedures may be developed by the practitioner, the engaging party, another party, or a combination of these parties, none of which are required to take responsibility for the sufficiency of those procedures; however, any or all may take such responsibility.</p> <p>Specified party. The intended user(s) to whom use of the written practitioner's report is limited.</p> <p>Subject matter. The phenomenon that is measured or evaluated by applying criteria.</p>	
Requirements	
<p>Compliance With This Proposed Standard</p> <p>9 The "Compliance With Standards Rule" (AICPA, <i>Professional Standards</i>, ET sec. 1.310.001) of the AICPA Code of Professional Conduct requires members who perform professional services to comply with standards promulgated by bodies designated by the Council of the AICPA.</p>	Compliance With This Proposed Standard (Ref: par. 11)
<p>10 The practitioner should not represent compliance with this proposed standard unless the practitioner has complied with the requirements of this proposed standard in their entirety.</p>	
<p>11 Reports issued by a practitioner in connection with services performed under other professional standards should be written to be clearly distinguishable from and not confused with reports issued under this proposed standard. (Ref: par. A4 and A6)</p>	<p>A6 A practitioner's report that merely excludes the phrase "was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants" but is otherwise similar to a practitioner's selected procedures report is an example of a practitioner's report that is not clearly distinguishable</p>

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	from, and could be confused with, a report issued under this proposed standard.
<i>Text of This Proposed Standard</i>	<i>Text of This Proposed Standard</i> (Ref: par. 12)
12 The practitioner should have an understanding of the entire text of this proposed standard, including the application and other explanatory material, to understand its objectives and apply its requirements properly. (Ref: par. A7–A11)	<p>A7 This proposed standard contains the objectives of the practitioner and requirements designed to enable the practitioner to meet those objectives. In addition, it contains related guidance in the form of application and other explanatory material, introductory material that provides context relevant to a proper understanding of the proposed standard, and definitions.</p> <p>A8 Introductory material includes such matters as an explanation of the following:</p> <ul style="list-style-type: none"> • The purpose and scope of the proposed standard • The subject matter of the proposed standard • The respective responsibilities of the practitioner and others regarding the subject matter of the proposed standard • The context in which the proposed standard is set <p>A9 The application and other explanatory material provides further explanation of the requirements of this proposed standard and guidance for carrying them out. In particular, it may</p> <p style="padding-left: 20px;">a. explain more precisely what a requirement means or is intended to cover and</p>

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	<p><i>b.</i> include examples of procedures that may be appropriate in the circumstances.</p> <p>Although such guidance does not, in itself, impose a requirement, it may explain the proper application of the requirements of the proposed standard. The application and other explanatory material may also provide background information on matters addressed in this proposed standard. It does not, however, limit or reduce the responsibility of the practitioner to apply and comply with the requirements in this proposed standard.</p> <p>A10 The practitioner is required by paragraph 12 to understand the application and other explanatory material. How the practitioner applies the guidance in the engagement depends on the exercise of professional judgment in the circumstances, consistent with the objective of the proposed standard. The words <i>may</i>, <i>might</i>, and <i>could</i> are used to describe these actions and procedures.</p> <p>A11 This proposed standard includes, in a separate section under the heading "Definitions," a description of the meanings attributed to certain terms for purposes of this proposed standard. These are provided to assist in the consistent application and interpretation of this proposed standard and are not intended to override definitions that may be established for other purposes, whether in law, regulation, or otherwise.</p>
Complying With Relevant Requirements	Complying With Relevant Requirements (Ref: par. 14)
<p>13 Subject to paragraph 17, the practitioner should comply with each requirement of this proposed standard that is relevant to the engagement being performed, unless, in the circumstances of the engagement, the requirement is not relevant because it is conditional, and the condition does not exist.</p>	

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<p>14 When a practitioner undertakes a selected procedures engagement for the benefit of a government body or agency and agrees to follow specified government standards, guides, procedures, statutes, rules, and regulations, the practitioner should comply with those governmental requirements as well as this proposed standard. (Ref: par. A12)</p>	<p>A12 In certain selected procedures engagements, the practitioner may also be required to comply with other requirements in law or regulation in addition to this proposed standard. This proposed standard does not override law or regulation that governs the selected procedures engagement. In the event that such law or regulation differs from this proposed standard, a selected procedures engagement conducted only in accordance with law or regulation will not necessarily comply with this proposed standard.</p>
<p><i>Practitioner's Report Prescribed by Law or Regulation</i></p>	<p><i>Practitioner's Report Prescribed by Law or Regulation</i> (Ref: par. 15)</p>
<p>15 If the practitioner is required by law or regulation to use a specific layout, form, or wording of the practitioner's report and the prescribed form of report is not acceptable or would cause a practitioner to make a statement that the practitioner has no basis to make, the practitioner should reword the prescribed form of report or attach an appropriately worded separate practitioner's report. (Ref: par. A13)</p>	<p>A13 Some report forms can be made acceptable by inserting additional wording to include the elements required by this proposed standard. 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.</p>
<p><i>Defining Professional Requirements in This Proposed Standard</i></p>	
<p>16 This proposed standard uses the following two categories of professional requirements, identified by specific terms, to describe the degree of responsibility it imposes on practitioners:</p> <p style="margin-left: 40px;"><i>a. Unconditional requirements.</i> The practitioner must comply with an unconditional requirement in all cases in which such requirement is relevant. This proposed standard uses the word <i>must</i> to indicate an unconditional requirement.</p>	

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<p><i>b. Presumptively mandatory requirements.</i> The practitioner must comply with a presumptively mandatory requirement in all cases in which such a requirement is relevant, except in rare circumstances discussed in paragraph 17. This proposed standard uses the word <i>should</i> to indicate a presumptively mandatory requirement.</p>	
<p><i>Departure From a Relevant Requirement</i></p> <p>17 In rare circumstances, the practitioner may judge it necessary to depart from a relevant presumptively mandatory requirement. In such circumstances, the practitioner should perform alternative procedures to achieve the intent of that requirement. The need for the practitioner to depart from a relevant, presumptively mandatory requirement is expected to arise only when the requirement is for a specific procedure to be performed and, in the specific circumstances of the engagement, that procedure would be ineffective in achieving the intent of the requirement. (Ref: par. A14)</p>	<p><i>Departure From a Relevant Requirement</i> (Ref: par. 17)</p> <p>A14 Paragraph 65 prescribes documentation requirements when the circumstances described in paragraph 17 occur.</p>
<p><i>Interpretive Publications</i></p> <p>18 The practitioner should consider applicable interpretive publications in planning and performing the selected procedures engagement. (Ref: par. A15)</p>	<p><i>Interpretive Publications</i> (Ref: par. 18)</p> <p>A15 Interpretive publications are not standards. Interpretive publications are recommendations on the application of this proposed standard in specific circumstances, including engagements for entities in specialized industries. An interpretive publication is issued under the authority of the relevant senior technical committee only after all members of the committee have been provided an opportunity to consider and comment on whether the proposed interpretive publication is consistent with this proposed standard.</p>
<p><i>Other Selected Procedures Publications</i></p> <p>19 In applying the guidance included in an other selected procedures publication, the accountant should, exercising</p>	<p><i>Other Selected Procedures Publications</i> (Ref: par. 19)</p> <p>A16 Other selected procedures publications have no authoritative status; however, they may help the accountant understand and apply</p>

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<p>professional judgment, assess the relevance and appropriateness of such guidance to the circumstances of the engagement. (Ref: par. A16–A18)</p>	<p>this proposed standard. The accountant is not expected to be aware of the full body of other selected procedures publications.</p> <p>A17 Although the accountant determines the relevance of these publications in accordance with paragraph 19, the accountant may presume that other selected procedures publications published by the AICPA that have been reviewed by the AICPA Audit and Attest Standards staff are appropriate.</p> <p>A18 When determining whether an other selected procedures publication that has not been reviewed by the AICPA Audit and Attest Standards staff is appropriate to the circumstances of the engagement, the accountant may wish to consider the degree to which the publication is recognized as being helpful in understanding and applying this proposed standard and the degree to which the issuer or author is recognized as an authority in matters addressing selected procedures engagements. Other selected procedures publications that have not been reviewed by the AICPA Audit and Attest Standards staff that contradict an other selected procedures publication that has been reviewed by the AICPA Audit and Attest Standards staff are inappropriate.</p>
<p>Relationship of this Proposed Standard to Quality Control Standards</p> <p>20 Quality control systems, policies, and procedures are the responsibility of the firm in conducting its attestation practice. Under QC section 10, <i>A Firm's System of Quality Control</i> (AICPA, <i>Professional Standards</i>), the firm has an obligation to establish and maintain a system of quality control to provide it with reasonable assurance that² (Ref: par. A19–A21)</p>	<p>Relationship of this Proposed Standard to Quality Control Standards (Ref: par. 20)</p> <p>A19 The nature and extent of a firm's quality control policies and procedures depend on factors such as its size, the degree of operating autonomy allowed its personnel and its practice offices, the nature of its practice, its organization, and appropriate cost-benefit considerations.</p> <p>A20 Within the context of the firm's system of quality control, engagement teams have a responsibility to implement quality control</p>

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<p>a. the firm and its personnel comply with professional standards and applicable legal and regulatory requirements and</p> <p>b. practitioners' reports issued by the firm are appropriate in the circumstances.</p> <p>² Paragraph .12 of QC section 10, <i>A Firm's System of Quality Control</i> (AICPA, <i>Professional Standards</i>).</p>	<p>procedures that are applicable to the selected procedures engagement and provide the firm with relevant information to enable the functioning of that part of the firm's quality control relating to independence.</p> <p>A21 Engagement teams are entitled to rely on the firm's system of quality control, unless the engagement partner determines that it is inappropriate to do so based on information provided by the firm or other parties.</p>
<p>21 This proposed standard relates to the conduct of individual selected procedures engagements; quality control standards relate to the conduct of a firm's attestation practice as a whole. Thus, this proposed standard and quality control standards are related, and the quality control policies and procedures that a firm adopts may affect both the conduct of individual selected procedures engagements and the conduct of a firm's attestation practice as a whole. However, deficiencies in or instances of noncompliance with a firm's quality control policies and procedures do not, in and of themselves, indicate that a particular engagement was not performed in accordance with this proposed standard.</p>	
<p>Quality Control</p>	<p>Quality Control</p>
<p><i>Assignment of the Engagement Team and the Practitioner's Specialists</i></p>	<p><i>Assignment of the Engagement Team and the Practitioner's Specialists</i> (Ref: par. 22a–bi)</p>
<p>22 The engagement partner should be satisfied that following conditions are met:</p> <p>a. The engagement team, and any practitioner's external specialists, collectively, have the appropriate competence,</p>	<p>A22 The practitioner may obtain knowledge about the specific subject matter to which the procedures are to be applied through formal or continuing education, practical experience, or consultation with others.</p>

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<p>including knowledge of the subject matter, and capabilities to (Ref: par. A22–A23)</p> <p>i. perform the engagement in accordance with professional standards and applicable legal and regulatory requirements and</p> <p>ii. enable the issuance of a practitioner's report that is appropriate in the circumstances.</p> <p>b. To an extent that is sufficient to accept responsibility for the findings on the subject matter, the engagement team will be able to be involved in the work of</p> <p>i. a practitioner's external specialist when the work of that specialist is to be used and (Ref: par. A24)</p> <p>ii. an other practitioner, when the work of that practitioner is to be used.</p> <p>c. Those involved in the engagement have been informed of their responsibilities, including the objectives of the procedures they are to perform and matters that may affect the nature, timing, and extent of such procedures.</p>	<p>A23 When considering the appropriate competence and capabilities expected of those involved in the engagement, the engagement partner may take into consideration such matters as their</p> <ul style="list-style-type: none"> • understanding of, and practical experience with, engagements of a similar nature and complexity through appropriate training and participation. • understanding of professional standards and applicable legal and regulatory requirements. • technical expertise, including expertise with relevant IT and specialized areas relevant to the subject matter. • knowledge of relevant industries in which the entity operates. • ability to apply professional judgment. • understanding of the firm's quality control policies and procedures. <p>A24 Some of the selected procedures work may be performed by a multidisciplinary team that includes one or more practitioner's specialists.</p>

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<p>d. Engagement team members have been directed to bring to the engagement partner's attention significant questions raised during the engagement so that their significance may be assessed.</p>	
<p>Leadership Responsibilities for Quality in Attestation Engagements</p> <p>23 The engagement partner should take responsibility for the overall quality on each selected procedures engagement. This includes responsibility for the following:</p> <ul style="list-style-type: none"> a. Appropriate procedures being performed regarding the acceptance and continuance of client relationships and engagements b. The engagement being planned and performed (including appropriate direction and supervision) to comply with professional standards and applicable legal and regulatory requirements c. Reviews being performed in accordance with the firm's review policies and procedures and reviewing the engagement documentation on or before the date of the practitioner's report (Ref: par. A25) d. Appropriate engagement documentation being maintained to provide evidence of achievement of the practitioner's objectives and that the engagement was performed in accordance with this proposed standard and relevant legal and regulatory requirements e. Appropriate consultation being undertaken by the engagement team on difficult or contentious matters 	<p>Leadership Responsibilities for Quality in Attestation Engagements (Ref: par. 23c)</p> <p>A25 Under QC section 10, the firm's review responsibility policies and procedures are determined on the basis that suitably experienced team members review the work of other team members. The engagement partner may delegate part of the review responsibility to other members of the engagement team, in accordance with the firm's system of quality control.</p>

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Acceptance and Continuance	
24 The engagement partner should be satisfied that appropriate procedures regarding the acceptance and continuance of client relationships and selected procedures engagements have been followed and should determine that conclusions reached in this regard are appropriate.	
Preconditions for a Selected Procedures Engagement	Preconditions for a Selected Procedures Engagement (Ref: par. 25–26bii)
25 The practitioner must be independent when performing a selected procedures engagement in accordance with this proposed standard unless the practitioner is required by law or regulation to accept the engagement and report on the subject matter. (Ref: par. A26)	A26 The "Independence Standards for Engagements Performed in Accordance With Statements on Standards for Attestation Engagements" interpretation (AICPA, <i>Professional Standards</i> , ET sec. 1.297) establishes special requirements for independence for services provided under the attestation standards. In addition, the "Conceptual Framework Approach" interpretation (AICPA, <i>Professional Standards</i> , ET sec. 1.210.010) discusses threats to independence not specifically detailed elsewhere, for example, when the practitioner has an interest in the subject matter.
26 In order to establish that the preconditions for a selected procedures engagement are present, the practitioner should determine both of the following: a. That the practitioner does not take responsibility for the subject matter b. That the engagement exhibits all of the following characteristics: i. The subject matter is appropriate. (Ref: par. A27–A31)	Appropriateness of Subject Matter (Ref: par. 26bi and 30aiv) A27 An element of the appropriateness of subject matter is the existence of a reasonable basis for measuring or evaluating the subject matter. What constitutes a reasonable basis will depend on the nature of the subject matter and other engagement circumstances. A28 An appropriate subject matter a. is identifiable and capable of consistent measurement or evaluation against the criteria and

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	<p><i>b.</i> can be subjected to procedures for obtaining sufficient appropriate evidence to support findings.</p> <p>A29 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:</p> <p><i>a.</i> Precision with which the subject matter can be measured or evaluated against criteria</p> <p><i>b.</i> The persuasiveness of available evidence</p> <p>A30 Identifying such characteristics and considering their effects assists the practitioner when assessing the appropriateness of the subject matter and also in determining the content of the practitioner's report.</p> <p>A31 In some cases, the selected procedures engagement may relate to only one part of a broader subject matter. For example, the practitioner may be engaged to perform selected procedures on one aspect of an entity's contribution to sustainable development, such as the programs run by the entity that have positive environmental outcomes, and may be aware that the practitioner has not been engaged to perform selected procedures on more significant programs with less favorable outcomes. In such cases, in determining whether the engagement exhibits the characteristic of having an appropriate subject matter, it may be appropriate for the practitioner to consider whether information about the aspect that the practitioner is asked to perform selected procedures on is likely to meet the information needs of intended users.</p>

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<p>ii. The 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. A32–A42)</p>	<p><i>Suitable and Available Criteria</i> (Ref: par. 26bii) A32 Suitable criteria exhibit all of the following characteristics:</p> <ul style="list-style-type: none">• <i>Relevance</i>. Criteria are relevant to the subject matter.• <i>Objectivity</i>. Criteria are free from bias.• <i>Measurability</i>. Criteria permit reasonably consistent measurements, qualitative or quantitative, of subject matter.• <i>Completeness</i>. Criteria are complete when subject matter prepared in accordance with them does not omit relevant factors that could reasonably be expected to affect decisions of the intended users made on the basis of that subject matter. <p>The relative importance of each characteristic to a particular engagement is a matter of professional judgment.</p> <p>A33 Criteria can be developed in a variety of ways, for example, they may be</p> <ul style="list-style-type: none">• embodied in laws or regulations.• issued by authorized or recognized bodies of experts that follow a transparent due process.• developed collectively by a group that does not follow a transparent due process.• published in scholarly journals or books.

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	<ul style="list-style-type: none"> • developed for sale on a proprietary basis. • specifically designed for the purpose of measuring, evaluating, or disclosing the subject matter in the particular circumstances of the engagement. <p>How criteria are developed may affect the work that the practitioner carries out to assess their suitability.</p> <p>A34 Criteria that are established or developed by groups composed of experts that follow due process procedures, including exposure of the proposed criteria for public comment, are ordinarily considered suitable. Criteria promulgated by a body designated by the Council of the AICPA under the AICPA Code of Professional Conduct are, by definition, considered to be suitable.</p> <p>A35 In some cases, laws or regulations prescribe the criteria to be used for the engagement. In the absence of indications to the contrary, such criteria are presumed to be suitable.</p> <p>A36 Criteria may be established or developed by the engaging party, industry associations, or other groups that do not follow due process procedures or do not as clearly represent the public interest. The practitioner's determination of whether such criteria are suitable is based on the characteristics described in paragraph A29.</p> <p>A37 Regardless of who establishes or develops the criteria, the engaging party is responsible for determining that such criteria are appropriate for the purposes of the engagement.</p> <p>A38 Some criteria may be suitable for only a limited number of parties who either participated in their establishment or can be presumed to</p>

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	<p>have an adequate understanding of the criteria. For example, criteria set forth in a lease agreement for override payments may be suitable only for reporting to the parties to the agreement because of the likelihood that such criteria would be misunderstood or misinterpreted by parties other than those who have specifically agreed to the criteria. Such criteria can be agreed upon directly by the parties or through a designated representative.</p> <p>A39 Even when established criteria exist for a subject matter, specific users may agree to other criteria for their specific purposes. For example, various frameworks can be used as established criteria for evaluating the effectiveness of internal control. Specific users may, however, develop a more detailed set of criteria that meet their specific information needs.</p> <p>A40 If criteria are specifically designed for the purpose of measuring, evaluating, or disclosing the subject matter in the particular circumstances of the engagement, they are not suitable if they result in subject matter or a practitioner's report that is misleading to the intended users. It is desirable for the intended users or the engaging party to acknowledge that specifically developed criteria are suitable for the intended users' purposes. The absence of such an acknowledgment may affect what is to be done to assess the suitability of the criteria and the information provided about the criteria in the report.</p> <p>A41 Criteria need to be available to the intended users to allow them to understand how the subject matter has been measured or evaluated. Criteria are made available to the intended users in one or more of the following ways:</p> <p style="padding-left: 20px;">a. Publicly</p>

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<p>iii. The practitioner expects to be able to obtain the evidence needed to arrive at the practitioner's findings. This includes having (Ref: par. A43–A44)</p> <p>(1) access to all information of which the engaging party is aware that is relevant to the measurement, evaluation, or disclosure of the subject matter.</p> <p>(2) access to additional information that the practitioner may request from the engaging party for the purpose of the engagement.</p> <p>(3) unrestricted access to persons within the appropriate parties from whom the practitioner determines it necessary to obtain evidence.</p>	<p>b. Through inclusion in a clear manner in the presentation of the subject matter</p> <p>c. Through inclusion in a clear manner in the practitioner's report</p> <p>d. By general understanding, for example, the criterion for measuring time in hours and minutes</p> <p>e. Only to specified parties, for example, terms of a contract or criteria issued by an industry association that are available only to those in the industry</p> <p>A42 When criteria are available only to specified parties, this proposed standard requires a statement restricting the use of the practitioner's report.</p> <p>Access to Evidence (Ref: par. 26biii)</p> <p>A43 The nature of the relationship between the entity and, if different, the engaging party may affect the practitioner's ability to access records, documentation, and other information the practitioner may require as evidence to arrive at the practitioner's findings. Therefore, the nature of that relationship may be a relevant consideration when determining whether or not to accept the engagement.</p> <p>A44 The quantity or quality of available evidence is affected by both of the following:</p> <p>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</p>

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<p>iv. The practitioner's findings are to be contained in a written practitioner's report.</p>	<p><i>b.</i> 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 entity</p>
<p>27 If the preconditions in paragraphs 23–24 are not present, the practitioner should discuss the matter with the engaging party to attempt to resolve the issue.</p>	
<p>28 The practitioner should accept a selected procedures engagement only when all of the following conditions have been met:</p> <p><i>a.</i> The practitioner has no reason to believe that relevant ethical requirements, including independence, will not be satisfied.</p> <p><i>b.</i> The practitioner is satisfied that those persons who are to perform the engagement collectively have the appropriate competence and capabilities (see also paragraph 31).</p> <p><i>c.</i> The practitioner has determined that the engagement to be performed meets all the preconditions for a selected procedures engagement (see also paragraphs 23–24).</p> <p><i>d.</i> The practitioner has reached a common understanding with the engaging party of the terms of the engagement, including the practitioner's reporting responsibilities.</p>	
<p>29 If it is discovered after the engagement has been accepted that one or more of the preconditions for a selected procedures engagement is not present, the practitioner should discuss the</p>	

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<p>matter with the appropriate parties and should determine the following:</p> <ul style="list-style-type: none"> a. Whether the matter can be resolved; b. Whether it is appropriate to continue with the engagement; and c. If the matter cannot be resolved but it is still appropriate to continue with the engagement, whether, and if so how, to communicate the matter in the practitioner's report 	
<p>Agreeing on the Terms of the Engagement</p> <p>30 The practitioner should agree on the terms of the engagement with the engaging party. The terms of the engagement should be described in sufficient detail in an engagement letter or other suitable form of written agreement and should include the following: (Ref: par. A45)</p> <ul style="list-style-type: none"> a. Identification of the following: <ul style="list-style-type: none"> i. The engaging party ii. The intended purpose of the engagement as determined by the engaging party (Ref: par. A46) iii. The subject matter iv. The criteria to be used (Ref: par. A40) v. Either the party that is responsible for the subject matter of the engagement or the source of the subject matter, as applicable (Ref: par. A47) b. A statement that no party takes responsibility for the sufficiency of the procedures or an identification of the party who takes such responsibility 	<p>Agreeing on the Terms of the Engagement (Ref: par. 30, 46, and 53f)</p> <p>A45 It is in the interests of both the engaging party and the practitioner that the practitioner communicates in writing the agreed terms of the engagement before the commencement of the engagement to help avoid misunderstandings. The form and content of the written agreement or contract will vary with the engagement circumstances.</p> <p>A46 The intended purpose of the engagement is determined by the engaging party and is the use for which the practitioner's report is intended. For example, the intended purpose may be stated as "to assist users of this report in assessing whether [the subject matter] is [performed, presented] in accordance with [the criteria to be used]."</p> <p>A47 There may be circumstances in which no party is responsible for the subject matter of the engagement. For example, the practitioner may be engaged to perform selected procedures with respect to a benchmarking project in which multiple entities may be responsible</p>

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<p>c. The responsibilities of the engaging party related to the subject matter of the engagement, which include, when applicable, the following:</p> <ul style="list-style-type: none"> i. The accuracy and completeness of the records, documents, explanations, and other information, including significant judgments, the engaging party provides the practitioner for the engagement ii. Preventing and detecting fraud iii. Complying with laws and regulations applicable to the entity and its activities iv. Providing the practitioner with the following: <ul style="list-style-type: none"> 1. Prior to the conclusion of the engagement, a written acknowledgment regarding the engaging party’s awareness of the procedures performed 2. Access to all information of which the engaging party is aware that is relevant to the engagement, such as records, documents, and other matters 3. Additional information that the practitioner may request from the engaging party for the purpose of the selected procedures engagement 4. Unrestricted access to persons of whom the practitioner determines it necessary to make inquiries <p>d. The responsibilities of the practitioner, including applying procedures to the subject matter and issuing a written practitioner’s report that describes the procedures applied and the practitioner’s findings (Ref:</p>	<p>for certain aspects of the project or the subject matter may be publicly available, such as subject matter that appears on the Internet. If the practitioner is engaged to benchmark the prices of ten products at three 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. As another example, if the practitioner is engaged to count the ballots of an election, although a party may be responsible for the voting process, such party is not responsible for the subject matter of the outcome of the election.</p> <p>A48 When applicable, the practitioner’s responsibilities may also include developing the procedures to be performed. However, the</p>

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par. A48)	practitioner is not required to take responsibility for the sufficiency of those procedures.
<p>e. A statement that the engagement will be conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants</p> <p>f. The limitations of a selected procedures engagement, including a statement that the procedures performed may not address all of the items of interest to a user and may not meet the needs of all users (Ref: par. A49–A50)</p> <p>g. Assistance to be provided to the practitioner, if any</p> <p>h. Involvement of a practitioner’s external specialist, if applicable</p> <p>i. Materiality limits, if applicable (Ref: par. A51)</p>	<p>A49 The limitations of a selected procedures engagement may include circumstances where procedures and findings may not be appropriate for general use. For example, the engaging party may want to communicate certain information to their customer base and because of contractual agreements with their customers, the procedures and findings may not be understood by a general audience.</p> <p>A50 The practitioner may, in connection with establishing the terms of the engagement, reach an understanding with the engaging party that the use of the practitioner’s selected procedures report will be restricted. The practitioner may also obtain the entity’s written agreement that the entity and any specified parties will not distribute the practitioner’s selected procedures report to parties other than the specified parties.</p> <p>A51 The requirement to include materiality limits in the terms of the engagement is applicable only when the practitioner is aware of, or establishes, such materiality limits at the onset of the engagement. For example, a materiality limit may be established that exceptions will not be reported for differences less than \$1,000 that are due to rounding. Materiality limits may be obtained from, or agreed on by, the engaging party after agreement on the terms of the engagement.</p>
<p>31 The engagement letter or other suitable form of written agreement should be addressed to the engaging party and should be signed by</p> <p>a. the practitioner or the practitioner’s firm and</p> <p>b. the engaging party.</p>	

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Acceptance of a Change in the Terms of the Engagement	Acceptance of a Change in the Terms of the Engagement (Ref: par. 32)
<p>32 The practitioner should not agree to a change in the terms of the engagement when no reasonable justification for doing so exists. If a change in the terms of the engagement is made, the practitioner should not disregard evidence that was obtained prior to the change. (Ref: par. A52–A53)</p>	<p>A52 A change in circumstances that affects the requirements of the engaging party, or a misunderstanding concerning the nature of the engagement originally requested, may be considered reasonable justification for requesting a change in the engagement, for example, from a selected procedures engagement to a consulting engagement. A change may not be considered reasonable if it appears that the change relates to information that is incorrect, incomplete, or otherwise unsatisfactory.</p> <p>A53 If the practitioner and the engaging party are unable to agree to a change in the terms of the engagement and the practitioner is not permitted to continue the original engagement, the practitioner may withdraw from the engagement when possible under applicable laws and regulations.</p>
Professional Skepticism and Professional Judgment	Professional Skepticism and Professional Judgment
<i>Professional Skepticism</i>	<i>Professional Skepticism</i> (Ref: par. 33)
<p>33 The practitioner should plan and perform a selected procedures engagement with professional skepticism. (Ref: par. A54–A56)</p>	<p>A54 Professional skepticism includes being alert to matters such as the following:</p> <ul style="list-style-type: none"> • Evidence that contradicts other evidence obtained • Information that brings into question the reliability of documents and responses to inquiries to be used as evidence • Circumstances that may indicate fraud • Circumstances that suggest the need for procedures in addition to those required by this proposed standard

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	<p>A55 Professional skepticism is necessary to the critical assessment of evidence. This includes questioning contradictory evidence and the reliability of documents and responses to inquiries and other information obtained from the appropriate party. It also includes consideration of the sufficiency and appropriateness of evidence obtained in light of the circumstances.</p> <p>A56 The practitioner neither assumes that the appropriate party is dishonest nor assumes unquestioned honesty. The practitioner cannot be expected to disregard past experience of the honesty and integrity of those who provide evidence. Nevertheless, a belief that those who provide evidence are honest and have integrity does not relieve the practitioner of the need to maintain professional skepticism or allow the practitioner to be satisfied with less than sufficient appropriate evidence for the service being provided.</p>
<p>34 Unless the practitioner has reason to believe the contrary, the practitioner may accept records and documents as genuine. If conditions identified during the selected procedures engagement cause the practitioner to believe that a document may not be authentic or that terms in a document have been modified but not disclosed to the practitioner, the practitioner should investigate further.</p>	
<p>Professional Judgment</p>	<p>Professional Judgment (Ref: par. 35)</p>
<p>35 The practitioner should exercise professional judgment in planning and performing a selected procedures engagement. (Ref: par. A57–A61)</p>	<p>A57 Professional judgment is essential to the proper conduct of a selected procedures engagement. This is because interpretation of relevant ethical requirements and this proposed standard, and the informed decisions required throughout the engagement, cannot be made without the application of relevant knowledge and experience to the facts and circumstances.</p> <p>A58 The distinguishing feature of professional judgment expected of a practitioner is that such judgment is exercised based on</p>

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	<p>competencies necessary to achieve reasonable judgments developed by the practitioner through relevant training, knowledge, and experience.</p> <p>A59 The exercise of professional judgment in any particular case is based on the facts and circumstances that are known by the practitioner. Consultation on difficult or contentious matters during the course of the engagement, both within the engagement team and between the engagement team and others at the appropriate level within or outside the firm, assist the practitioner in making informed and reasonable judgments.</p> <p>A60 Professional judgment can be evaluated based on whether the judgment reached reflects a competent application of this proposed standard and measurement or evaluation principles and is appropriate in light of, and consistent with, the facts and circumstances that were known to the practitioner up to the date of the practitioner's report.</p> <p>A61 The requirement to exercise professional judgment applies throughout the engagement.</p>
<p>Procedures to Be Performed</p> <p>36 The practitioner should perform selected procedures whose nature, timing, and extent are specific. (Ref: par. A51 and A62–A66)</p>	<p>Procedures to Be Performed (Ref: par. 36–37)</p> <p>A62 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 selected procedures.</p> <p>A63 Examples of appropriate procedures include the following:</p> <ul style="list-style-type: none"> • Execution of a sampling application in accordance with relevant parameters

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	<ul style="list-style-type: none">• 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 procedures on work performed by others• Performance of mathematical computations <p>A64 For purposes of reporting, examples of inappropriate procedures include the following:</p> <ul style="list-style-type: none">• 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 <p>A65 If the practitioner is selecting a sample, the procedures may state the size of the sample and how the selection was made, because this 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 for invoices issued from May</p>

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<p>37 The practitioner should use professional judgment in making a determination about whether the descriptions of the selected procedures are sufficiently precise and clear. 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 <i>general review</i>, <i>limited review</i>, <i>check</i>, or <i>test</i>) should not be used in describing the procedures. (Ref: par. A67)</p>	<p>1 to July 31, 20XX).</p> <p>A66 Examples of other information the practitioner may include in the procedures are the date the procedure was performed and the sources of information used in performing the procedure.</p> <p>A67 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 acceptable descriptions of actions include the following:</p> <ul style="list-style-type: none"> • Inspect • Compare • Agree • Trace • Inquire • Recalculate • Observe • Mathematically check <p>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 may have an uncertain meaning:</p> <ul style="list-style-type: none"> • Note • Review • Evaluate

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	<ul style="list-style-type: none"> • Analyze • Interpret • Verify • Examine • Validate • Certify
<p>38 The practitioner should obtain evidence from applying the selected 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.</p>	
<p>Using the Work of an Other Practitioner</p> <p>39 When the practitioner expects to use the work of an other practitioner, the practitioner should (Ref: par. A68–A69)</p> <p>a. obtain an understanding of whether the other practitioner understands and will comply with the ethical requirements that are relevant to the engagement and, in particular, is independent.</p> <p>b. obtain an understanding of the other practitioner's professional competence.</p> <p>c. communicate clearly with the other practitioner about the scope and timing of the other practitioner's work and findings.</p>	<p>Using the Work of an Other Practitioner (Ref: par. 39)</p> <p>A68 The practitioner is responsible for</p> <p>a. the direction, supervision, and performance of the engagement in compliance with professional standards, applicable regulatory and legal requirements, and the firm's policies and procedures.</p> <p>b. determining whether the practitioner's report that is issued is appropriate in the circumstances.</p> <p>The practitioner may, however, use the work of other practitioners to obtain sufficient appropriate evidence to express findings on the subject matter.</p> <p>A69 The engagement partner may decide to assume responsibility for the work of the other practitioner or to make reference to the other practitioner in the practitioner's report. Regardless of whether the</p>

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<p>d. if assuming responsibility for the work of the other practitioner, be involved in the work of the other practitioner.</p> <p>e. evaluate whether the other practitioner's work is adequate for the practitioner's purposes.</p> <p>f. determine whether to make reference to the other practitioner in the practitioner's report.</p>	<p>engagement partner decides to assume responsibility or make reference, the practitioner is required to communicate clearly with the other practitioner and evaluate whether the other practitioner's work is adequate for the purposes of the engagement. The nature, timing, and extent of this involvement are affected by the practitioner's understanding of the other practitioner, such as previous experience with, or knowledge of, the other practitioner and the degree to which the engagement team and the other practitioner are subject to common quality control policies and procedures.</p>
<p>Using the Work of a Practitioner's External Specialist</p>	<p>Using the Work of a Practitioner's External Specialist (Ref: par. 40)</p>
<p>40 If a practitioner's external specialist is engaged to assist the practitioner in performing a selected procedures engagement, the practitioner's report should describe the nature of the assistance provided by the external specialist. (Ref: par. A70–A72)</p>	<p>A70 The practitioner may engage an external specialist to assist in designing the selected procedures to be performed.</p> <p>A71 As a result of the practitioner's education and experience, the practitioner will 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 design or performance of one or more procedures. The following are examples of such circumstances:</p> <ul style="list-style-type: none"> • An attorney providing assistance concerning the interpretation of legal terminology in laws, regulations, rules, contracts, or grants • A medical specialist providing assistance in understanding the characteristics of diagnosis codes documented in patient medical records • An environmental engineer providing assistance in

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	<p>interpreting environmental remedial action regulatory directives that may affect the selected procedures applied to an environmental liabilities account in a financial statement</p> <ul style="list-style-type: none"> • A geologist providing assistance in distinguishing between the physical characteristics of a generic minerals group related to information to which the selected procedures are applied <p>A72 A practitioner may decide to apply procedures to the report or work product of an external specialist that does not constitute assistance by the external specialist to the practitioner in a selected procedures engagement. For example, the practitioner may make reference to 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 in the practitioner’s report or to take responsibility for all or a portion of any procedures performed by an external specialist or the external specialist’s work product.</p>
<p>Responsibility for the Work Performed by Internal Auditors</p>	<p>Responsibility for the Work Performed by Internal Auditors (Ref: par. 41)</p>
<p>41 Although the practitioner may use the work of internal auditors, the selected procedures to be listed or referred to in the practitioner’s report should be performed entirely by the engagement team or other practitioners. (Ref: par. A73–A75)</p>	<p>A73 Internal auditors may prepare schedules and accumulate data or provide other information for the practitioner’s use in performing the selected procedures.</p> <p>A74 Internal auditors may perform and report separately on procedures they have carried out. Such procedures may be similar to those that a practitioner may perform under this proposed standard. It is inappropriate for the practitioner to</p>

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	<ul style="list-style-type: none"> • 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 that the practitioner is taking responsibility for the internal auditors’ work. <p>A75 A practitioner may perform procedures on information documented in the working papers of internal auditors.</p>
<p>Obtaining an Acknowledgment of the Engaging Party’s Awareness of the Procedures Performed</p> <p>42 Prior to the issuance of the selected procedures report, the practitioner should obtain a written acknowledgment from the engaging party regarding their awareness of the procedures performed. (Ref: par. A76–A79)</p>	<p>Obtaining an Acknowledgment of the Engaging Party’s Awareness of the Procedures Performed (Ref: par. 42 and 46)</p> <p>A76 The engaging party’s acknowledgment of its awareness of the procedures performed does not constitute the engaging party accepting responsibility for the sufficiency of the procedures.</p> <p>A77 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 additional procedures that the engaging party may feel are appropriate in order to meet the purpose of the engagement.</p> <p>A78 In addition to the engaging party, the practitioner may also consider it appropriate to communicate with other parties regarding the procedures performed.</p> <p>A79 The written acknowledgment of the procedures performed may be documented in the engagement letter, an amendment to the engagement letter, in a representation letter, or some other written communication.</p>

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<p>Findings</p> <p>43 The practitioner should present the results of applying selected procedures to subject matter in the form of findings.</p>	<p>Findings (Ref: par. 44–45)</p>
<p>44 The practitioner should report all findings from the application of the selected procedures or report that there were no findings from the application of the selected procedures. Any materiality limits should be described in the practitioner’s report. (Ref: par. A80 and A82)</p>	<p>A80 An example of language in the practitioner’s report that describes a materiality limit is “For purposes of reporting the findings from these selected procedures, exceptions of \$1,000 or less resulting solely from the rounding of amounts disclosed are not considered findings.”</p>
<p>45 In reporting findings, the practitioner should (Ref: par. A83)</p> <p style="padding-left: 20px;">a. not use vague or ambiguous language. (Ref: par. A81)</p> <p style="padding-left: 20px;">b. not include terms of uncertain meaning. (Ref: par. A82)</p> <p style="padding-left: 20px;">c. not express an opinion or conclusion.</p>	<p>A81 Because the selected procedures report is not required to be restricted as to use, the practitioner cannot ascertain the understanding of users of an unknown population. Therefore, 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.</p> <p>A82 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.</p> <p>A83 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:</p> <ul style="list-style-type: none"> • No exceptions were noted. • No exceptions were [noted/found/identified] as a result of applying the procedure.

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	<p>It is acceptable to repeat part of the procedure in the finding, such as in the following examples:</p> <ul style="list-style-type: none"> • 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. <p>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:</p> <ul style="list-style-type: none"> • 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]. <p>A finding written to appear to be a representation of fact or a conclusion would not be appropriate, such as in the following examples:</p> <ul style="list-style-type: none"> • A result stating, “We determined the current ratio of X Company at December 31, 20X4, was 2:1,” could be considered a representation of fact and is not appropriate. An appropriate description of the result could be stated as, “We

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	<p>recalculated the current ratio of X Company at December 31, 20X4, as 2:1.”</p> <ul style="list-style-type: none">• A result stating, “We have [observed/found/determined] the net sales of X Company for the year 20X4 were \$X,” could be considered a representation of 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.” <p>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:</p> <ul style="list-style-type: none">• 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. <p>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:</p> <ul style="list-style-type: none">• Nothing came to our attention as a result of applying the procedure.

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	<ul style="list-style-type: none"> • Nothing came to our attention that caused us to believe that [the subject matter] is not presented in accordance with [the criteria].
<p>Written Representations</p> <p>46 The practitioner should request from the engaging party written representations in the form of a letter addressed to the practitioner. The representations should do the following: (Ref: par. A78 and A84)</p> <ul style="list-style-type: none"> a. State that, to the best of the engaging party’s knowledge and belief, 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 through the date of the practitioner’s selected procedures report b. Acknowledge responsibility for <ul style="list-style-type: none"> i. the subject matter and (Ref: par. A45) ii. determining that the criteria is appropriate for the purposes of the engagement c. Identify the party taking responsibility for the sufficiency of the procedures or include a statement that no party takes such responsibility d. State that the engaging party has provided the practitioner with access to all records relevant to the subject matter 	<p>Written Representations (Ref: par. 46)</p> <p>A84 Written confirmation of oral representations reduces the possibility of misunderstandings between the practitioner and the engaging party. The persons from whom the practitioner requests written representations are ordinarily members 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.</p>

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<p>and the selected procedures in its possession or under its control, as applicable</p> <p>e. State that the engaging party is not aware of any misstatements in the subject matter except those misstatements made known to the practitioner, if applicable</p> <p>f. State that the engaging party has disclosed to the practitioner all known events through the date of the practitioner’s selected procedures report that would have a material effect on the subject matter</p> <p>g. State that the engaging party has disclosed to the practitioner other matters as the practitioner deems appropriate</p> <p>47 If the engaging party is not responsible for the subject matter of the engagement, the practitioner should also consider requesting the representations set forth in paragraph 46 from the party that is responsible for the subject matter of the engagement.</p> <p>48 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.</p> <p>Requested Written Representations Not Provided or Not Reliable</p> <p>49 When one or more of the requested written representations are not provided, or the practitioner concludes that there is</p>	<p>Requested Written Representations Not Provided or Not Reliable (Ref: par. 49c)</p>

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<p>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</p> <ul style="list-style-type: none"> a. discuss the matter with the engaging party; b. reevaluate the integrity of those from whom the representations were requested or received and evaluate the effect, if any, on the engagement; and c. if any of the matters are not resolved to the practitioner's satisfaction, take appropriate action. (Ref: par. A85) 	<p>A85 Although it is expected that the practitioner will be able to obtain all of the requested written representations from the engaging party, appropriate actions the practitioner might consider in the circumstances described in paragraph 49c include the following:</p> <ul style="list-style-type: none"> 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 did not provide one or more of the requested written representations b. Withdrawing from the engagement
<p>Preparing the Practitioner's Report</p>	<p>Preparing the Practitioner's Report (Ref: par. 50 and 52)</p>
<p>50 The practitioner's report on selected procedures should be in writing. (Ref: par. A86)</p> <p>51 The practitioner's report on selected procedures should be in the form of procedures and findings.</p> <p>52 The practitioner should consider whether the presentation of the procedures and related findings is misleading in the circumstances of the engagement. If, as a result of performing procedures, the practitioner determines that the description of the procedures performed or the corresponding findings are</p>	<p>A86 This proposed standard does not require a standardized format for reporting on selected procedures engagements. Instead it identifies the required basic elements for a report on selected procedures. Reports on selected procedures are tailored to the specific engagement circumstances. The practitioner may use headings, separate paragraphs, paragraph numbers, typographical devices (for example, the bolding of text), and other mechanisms to enhance the clarity and readability of the selected procedures report.</p>

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<ul style="list-style-type: none"> ii. the subject matter, and iii. the criteria used d. A statement that the engaging party is responsible for the selection of the subject matter and, if applicable, an identification of the party, for purposes of the engagement, that has taken responsibility for the subject matter (Ref: par. A44) e. An identification of the party who takes responsibility for the sufficiency of the procedures or a statement that neither the practitioner nor the engaging party takes such responsibility f. A statement that the procedures performed may not address all of the items of interest to a user and may not meet the needs of all users and, as such, users are responsible for the sufficiency of the procedures for their intended purpose (Ref: par. A49–A50 and A92) g. If applicable, a description of any specified materiality limits 	<p>A90 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 performed or is stated in accordance with specified criteria or that the practitioner performed the engagement to conclude whether the entity complied with specified criteria.</p> <p>A91 The practitioner is neither required to make nor is precluded from making an explicit statement that the practitioner makes no representation regarding the sufficiency of the procedures either for the purpose for which the practitioner’s report has been requested or for any other purpose. However, unless the practitioner takes responsibility for the sufficiency of the procedures performed, it is not appropriate to imply that the practitioner takes such responsibility, as doing so could be misleading to potential users of the practitioner’s selected procedures report.</p> <p>Limitations on Items of Interest and Needs of Users (Ref: par. 53e)</p> <p>A92 The practitioner may advise potential users regarding inappropriate uses of the practitioner’s selected 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.</p>
<ul style="list-style-type: none"> h. A statement indicating the following: <ul style="list-style-type: none"> i. The selected procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that the practitioner apply procedures to the subject matter and issue a written practitioner’s report that describes 	

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<p>the procedures applied and the practitioner’s findings.</p> <p>ii. 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 a conclusion, respectively, on the subject matter. (Ref: par. A93)</p> <p>iii. The practitioner does not express such an opinion or conclusion. (Ref: par. A94)</p> <p>iv. Had the practitioner performed additional procedures, other matters might have come to the practitioner’s attention that would have been reported.</p>	<p>Statement When the Subject Matter Consists of Elements, Accounts, or Items of a Financial Statement (Ref: par. 53gii)</p> <p>A93 If the subject matter consists of elements, accounts, or items of a financial statement, the practitioner’s report might instead state that the selected 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.</p> <p>Preclusion of an Expression of an Opinion or Conclusion on the Subject Matter (Ref: par. 53hiii)</p> <p>A94 The practitioner is precluded from expressing an opinion or conclusion. For example, the report cannot state, “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.”</p>
<p>i. A list of all procedures performed, or reference thereto, and related findings</p> <p>j. A description of the nature of assistance provided by a practitioner’s external specialist, as discussed in paragraph 40, if applicable</p> <p>k. Limitations on procedures or findings, if applicable (Ref: par. A95)</p>	<p>Limitations on Procedures or Findings (Ref: par. 53k)</p> <p>A95 Examples of limitations on procedures or findings may include the following:</p> <ul style="list-style-type: none"> • Disclosure of stipulated facts, assumptions, or interpretations (including the source thereof) used in the application of

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	<p>selected procedures</p> <ul style="list-style-type: none"> • 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
<p><i>l.</i> The signature of the practitioner or the practitioner’s firm</p> <p><i>m.</i> The city and state where the practitioner practices (Ref: par. A96)</p> <p><i>n.</i> The date of the practitioner’s 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</p> <ul style="list-style-type: none"> <i>i.</i> the attestation documentation has been reviewed and, <i>ii.</i> if applicable, the written presentation of the subject matter has been prepared. 	<p>Location (Ref: par. 53<i>m</i>)</p> <p>A96 In the United States of America, 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.</p> <p>A97 Illustrative practitioner’s reports on selected procedures are presented in the exhibit “Illustrative Selected Procedures Reports.”</p>
<p>Alert That Restricts the Use of the Practitioner’s Selected Procedures Report</p> <p>54 In the following circumstances, the practitioner’s selected procedures report should include an alert, in a separate paragraph, that restricts the use of the report: (Ref: par. A98–A100)</p>	<p>Alert That Restricts the Use of the Practitioner’s Selected Procedures Report (Ref: par. 54)</p> <p>A98 A practitioner’s report for which the conditions in paragraph 28 do not apply need not include an alert that restricts its use. However, nothing precludes a practitioner from including such an alert in any practitioner’s report or other practitioner’s written communication.</p>

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<p>a. The practitioner determines that the criteria used to evaluate the subject matter are appropriate only for a limited number of parties who either participated in their establishment or can be presumed to have an adequate understanding of the criteria.</p> <p>b. The criteria used to evaluate the subject matter are available only to the specified parties.</p> <p>55 The alert should do the following:</p> <p>a. State that the practitioner’s report is intended solely for the information and use of the specified parties</p> <p>b. Identify the specified parties for whom use is intended (Ref: par. A101)</p> <p>c. State that the report is not intended to be, and should not be, used by anyone other than the specified parties (Ref: par. A102–A104)</p>	<p>A99 A practitioner's report that is required by paragraph 54 to include 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. In such circumstances, the use of the general-use report is not affected.</p> <p>A100 A practitioner may also issue a single combined practitioner's report that includes (a) a practitioner's report that is required by paragraph 54 to include 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 required by paragraph 54 to include such an alert. In such circumstances, the use of the general-use report is not affected.</p> <p>A101 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.</p> <p>A102 In some cases, the criteria used to measure or evaluate the subject matter may be designed for a specific purpose. For example, a regulator may require certain entities to use particular criteria designed for regulatory purposes. To avoid misunderstandings, the practitioner alerts users of the practitioner's report to this fact and, therefore, that the report is intended solely for the information and use of the specified parties.</p>

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<p>56 When the engagement is also performed in accordance with <i>Government Auditing Standards</i>, the alert language required by paragraph 55 should not be used. Instead, the alert required by paragraph 55 should</p> <ul style="list-style-type: none"> a. describe the purpose of the report and b. state that the report is not suitable for any other purpose. 	<p>A103 The alert that restricts the use of the practitioner's report is designed to avoid misunderstandings related to the use of the report, particularly if the report is taken out of the context in which the report is intended to be used. A practitioner may consider informing the engaging party or other specified parties that the report is not intended for distribution to parties other than those specified in the 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 report will be restricted and may obtain the engaging party's agreement that the engaging party and specified parties will not distribute such report to parties other than those identified therein. A practitioner is not responsible for controlling, and cannot control, distribution of the report after its release.</p> <p>A104 In some cases, a restricted-use practitioner's report filed with regulatory agencies is required by law or regulation to be made available to the public as a matter of public record. Also, a regulatory agency, as part of its oversight responsibility for an entity, may require access to a restricted-use report in which it is not named as a specified party.</p>
<p>Knowledge of Matters Outside Selected Procedures</p> <p>57 Although the practitioner need not perform procedures beyond the selected procedures, if in connection with the application, and through the completion, of the selected procedures 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</p>	<p>Knowledge of Matters Outside Selected Procedures (Ref: par. 57)</p> <p>A105 When the practitioner applies selected 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</p>

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determine whether the practitioner’s report should be revised to disclose the matter. (Ref: par. A105–A106)	<p>from the standard report in the practitioner’s report on selected procedures.</p> <p>A106 The practitioner is not required to perform any procedures after the date of the practitioner’s selected procedures report.</p>
<p>Communication Responsibilities</p> <p>58 The practitioner should communicate to the engaging party known and suspected fraud and noncompliance with laws and regulations discovered during the selected procedures engagement.</p>	
<p>Consideration of Subsequent Events</p> <p>59 When relevant to the engagement, the practitioner should consider the effect on the underlying subject matter and on the practitioner’s report of events up to the date of the report, and should respond appropriately to facts that become known to the practitioner after the date that, had they been known to the practitioner at that date, may have caused the practitioner to amend the report. The extent of consideration of subsequent events depends on the potential for such events to affect the underlying subject matter and to affect the appropriateness of the practitioner’s findings. However, the practitioner has no responsibility to perform any procedures regarding the underlying subject matter after the date of the report. (Ref: par. A107)</p>	<p>Consideration of Subsequent Events (Ref: par. 59)</p> <p>A107 As noted in paragraph 59, the practitioner has no responsibility to perform any procedures regarding the underlying subject matter after the date of the practitioner’s report. However, if, after the date of the report, a fact becomes known to the practitioner that, had it been known to the practitioner at the date of the report, may have caused the practitioner to amend the report, the practitioner may need to discuss the matter with the appropriate parties or take other action as appropriate in the circumstances.</p>
<p>Documentation</p> <p>60 The practitioner should prepare engagement documentation on a timely basis that is sufficient to determine the following: (Ref: par. A108)</p>	<p>Documentation (Ref: par. 60 and 62)</p> <p>A108 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.</p>

Introduction, Effective Date, Objective, Definitions, and Requirements Paragraphs	Application and Other Explanatory Material
<p>a. The nature, timing, and extent of the procedures performed to comply with this proposed standard and applicable legal and regulatory requirements, including</p> <ol style="list-style-type: none"> 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. who reviewed the engagement work performed and the date and extent of such review <p>b. The results of the procedures performed and the evidence obtained</p> <p>61 The engagement documentation should include the written acknowledgment from the engaging party regarding their awareness of the procedures performed, as required by paragraph 42.</p>	
<p>62 The practitioner should assemble the engagement documentation in an engagement file and complete the administrative process of assembling the final engagement file no later than 60 days following the practitioner's report release date. (Ref: par. A109)</p>	<p>A109 The completion of the assembly of the final engagement file is an administrative process that does not involve the performance of new procedures or new decisions. Changes may, however, be made to the documentation during the final assembly process if they are administrative in nature. Examples of such changes include the following:</p> <ul style="list-style-type: none"> • Deleting or discarding superseded documentation • Sorting, collating, and cross-referencing working papers • Signing off on completion checklists relating to the file assembly process

Introduction, Effective Date, Objective, Definitions, and Requirements Paragraphs	Application and Other Explanatory Material
	<ul style="list-style-type: none"> • Documenting evidence that the practitioner has obtained, discussed, and agreed on with the relevant members of the engagement team before the date of the practitioner's report • Adding information received after the date of the report, for example, an original confirmation that was previously faxed
<p>63 After the documentation completion date, the practitioner should not delete or discard documentation of any nature before the end of its retention period.</p>	
<p>64 If the practitioner finds it necessary to amend existing engagement documentation or add new engagement documentation after the documentation completion date, the practitioner should, regardless of the nature of the amendments or additions, document the following:</p> <ol style="list-style-type: none"> a. The specific reasons for making the amendments or additions b. When, and by whom, amendments or additions were made and reviewed. 	
<p>65 Engagement documentation is the property of the practitioner, and some jurisdictions recognize this right of ownership in their statutes. The practitioner should adopt reasonable procedures to retain engagement documentation for a period of time sufficient to meet the needs of the practitioner and to satisfy any applicable legal or regulatory requirements for records retention.</p>	
<p>66 Because engagement documentation often contains confidential information, the practitioner should adopt reasonable procedures to maintain the confidentiality of that information.</p>	

Introduction, Effective Date, Objective, Definitions, and Requirements Paragraphs	Application and Other Explanatory Material
<p>67 The practitioner should also adopt reasonable procedures to prevent unauthorized access to engagement documentation.</p>	
<p>68 If, in rare circumstances, the practitioner judges it necessary to depart from a relevant, presumptively mandatory requirement, the practitioner should document the justification for the departure and how the alternative procedures performed in the circumstances were sufficient to achieve the intent of that requirement. (See paragraph 17.)</p>	
<p>Engagement Quality Control Review</p>	<p>Engagement Quality Control Review (Ref: par. 69)</p>
<p>69 For those engagements, if any, for which the firm has determined that an engagement quality control review is required, the following apply: (Ref: par. A110)</p> <p><i>a.</i> The engagement partner should take responsibility for discussing with the engagement quality control reviewer significant findings or issues arising during the engagement, including those identified during the engagement quality control review, and should not release the practitioner's report until completion of the engagement quality control review.</p> <p><i>b.</i> The engagement quality control reviewer should perform an objective evaluation of the significant judgments made by the engagement team and the decisions reached in formulating the report. This evaluation should include the following:</p> <p><i>i.</i> Discussing significant findings or issues with the engagement partner</p>	<p>A110 Other matters that may be considered in an engagement quality control review include the following:</p> <p><i>a.</i> The engagement team's evaluation of the firm's independence in relation to the engagement</p> <p><i>b.</i> Whether appropriate consultation has taken place on matters involving differences of opinion or other difficult or contentious matters, and the decisions arising from those consultations</p> <p><i>c.</i> Whether engagement documentation selected for review reflects the work performed in relation to the significant judgments and supports the decisions reached</p>

Introduction, Effective Date, Objective, Definitions, and Requirements Paragraphs	Application and Other Explanatory Material
<ul style="list-style-type: none"> ii. Reading the written subject matter and the proposed report iii. Reading selected engagement documentation relating to the significant judgments the engagement team made and the related decisions it reached iv. Evaluating the decisions reached in formulating the report, and considering whether the proposed report is appropriate 	

A111

Exhibit—Illustrative Selected Procedures Reports (Ref: par A97)

The illustrative selected procedures reports in this exhibit are intended as illustrations that may be used to comply with the requirements of this proposed standard. The practitioner’s selected procedures report will vary according to individual requirements and circumstances.

Illustration 1: Basic “Shell” Report

Illustration 2: Selected Procedures Report Related to a Lottery Drawing

Illustration 3: Selected Procedures Report Related to Sustainability

Illustration 4: Selected Procedures Report Related to a Union Election (Including an Alert That Restricts the Use of the Report)

Illustration 5: Selected Procedures Report Related to Internal Control (Including an Alert That Restricts the Use of the Report)

Illustration 6: Selected Procedures Report Related to a Financial Statement Element (Including an Alert That Restricts the Use of the Report)

Illustration 1: Basic “Shell” Report

Requirement Paragraph No.	Reporting Requirement	Illustration
53a	A title that clearly indicates that it is the practitioner’s selected procedures report and includes the word <i>independent</i>	<u>Independent Accountant’s Report on Applying Selected Procedures</u>
53b	An appropriate addressee as required by the circumstances of the engagement	[<i>Appropriate Addressee</i>]
53c	An identification of the intended purpose of the engagement including <ul style="list-style-type: none"> i. the engaging party, ii. the subject matter, and iii. the criteria used 	We were engaged by [<i>identify the engaging party, such as XYZ Company</i>] to apply procedures to [<i>identify the intended purpose of the engagement including the subject matter and criteria</i>].
53d	A statement that the engaging party is responsible for the selection of the subject matter and, if applicable, an identification of the party, for purposes of the engagement, that has taken responsibility for the subject matter	XYZ Company is responsible for the selection of the subject matter as [<i>identify the subject matter</i>].
53e	An identification of the party who takes responsibility for the sufficiency of the procedures or a statement that neither the practitioner nor the engaging party takes such responsibility	Neither we nor the Company take responsibility for the sufficiency of the procedures for the purpose of [<i>identify the purpose of the engagement</i>].
53f	A statement that the procedures performed may not address all of the items of interest to a user and may not meet the needs of all users and, as such, users are responsible for the sufficiency of the procedures for their intended purpose	The procedures performed may not address all of the items of interest to a user and may not meet the needs of all users and, as such, users are responsible for the sufficiency of the procedures for their intended purpose.
53g	If applicable, a description of any specified materiality limits	

53h	<p>A statement indicating the following:</p> <ul style="list-style-type: none"> i. The selected procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that the practitioner apply procedures to the subject matter and issue a written practitioner’s report that describes the procedures applied and the practitioner’s findings. ii. 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 a conclusion, respectively, on the subject matter. iii. The practitioner does not express such an opinion or conclusion. iv. Had the practitioner performed additional procedures, other matters might have come to the practitioner’s attention that would have been reported. 	<p>This selected procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we apply procedures to the subject matter of the engagement and issue a written report that describes the procedures applied and our findings. We were 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 <i>[identify the subject matter]</i>. 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.</p>
53i	<p>A list of all procedures performed, or reference thereto, and related findings</p>	<p>The procedures and related findings are as follows. <i>[For purposes of reporting the findings, exceptions of [\$1,000 or less resulting solely from the rounding of amounts disclosed] are not considered findings.]</i></p> <p><i>[Include paragraphs to enumerate procedures and findings.]</i></p>
53j	<p>A description of the nature of assistance provided by a practitioner’s external specialist, as discussed in paragraph 11, if applicable</p>	<p><i>[Additional paragraph(s) may be added to describe other matters such as description of the nature of assistance provided by a practitioner’s external specialist, or</i></p>

		<i>reservations or restrictions concerning procedures or findings.]</i>
53k	Limitations on procedures or findings, if applicable	
53l	The signature of the practitioner or the practitioner's firm	<i>[Practitioner's signature]</i>
53m	The city and state where the practitioner practices	<i>[Practitioner's city and state]</i>
53n	The date of the practitioner's report	<i>[Date of practitioner's report]</i>

Illustration 2: Selected Procedures Report Related to a Lottery Drawing

Requirement Paragraph No.	Reporting Requirement	Illustration
53a	A title that clearly indicates that it is the practitioner's selected procedures report and includes the word <i>independent</i>	<u>Independent Accountant's Report on Applying Selected Procedures</u>
53b	An appropriate addressee as required by the circumstances of the engagement	<i>[Appropriate Addressee]</i>
53c	An identification of the intended purpose of the engagement including <ul style="list-style-type: none"> i. the engaging party, ii. the subject matter, and iii. the criteria used 	We were engaged by XYZ Company to perform procedures to assist lottery players in assessing the extent to which the lottery drawing is conducted in accordance with the State's lottery guidelines. The procedures performed may not address all of the items of interest to a user and may not meet the needs of all users.
53d	A statement that the engaging party is responsible for the selection of the subject matter and, if applicable, an identification of the party, for purposes of the engagement, that has taken responsibility for the subject matter	XYZ Company is responsible for the selection of the subject matter as the lottery drawing on MM, DD, YYYY.

53e	An identification of the party who takes responsibility for the sufficiency of the procedures or a statement that neither the practitioner nor the engaging party takes such responsibility	Neither we nor the Company take responsibility for the sufficiency of the procedures either for the purpose of assisting lottery players in assessing the extent to which the lottery drawing is conducted in accordance with the State’s lottery guidelines or for any other purpose.
53f	A statement that the procedures performed may not address all of the items of interest to a user and may not meet the needs of all users and, as such, users are responsible for the sufficiency of the procedures for their intended purpose	The procedures performed may not address all of the items of interest to a user and may not meet the needs of all users and, as such, users are responsible for the sufficiency of the procedures for their intended purpose.
53g	If applicable, a description of any specified materiality limits	
53h	<p>A statement indicating the following:</p> <ul style="list-style-type: none"> i. The selected procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that the practitioner apply procedures to the subject matter and issue a written practitioner’s report that describes the procedures applied and the practitioner’s findings. ii. 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 a conclusion, respectively, on the subject matter. iii. The practitioner does not express such an opinion or conclusion. iv. Had the practitioner performed additional procedures, other matters might have come to 	This selected procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we apply procedures to the subject matter of the engagement and issue a written report that describes the procedures applied and our findings. We were 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 lottery drawing on MM, DD, YYYY. 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.

	<p>the practitioner's attention that would have been reported.</p>	
<p>53i</p>	<p>A list of all procedures performed, or reference thereto, and related findings</p>	<p>The procedures and related findings are as follows.</p> <p>Phase I: Entry File Verification</p> <p>On [date], we observed the following:</p> <ul style="list-style-type: none"> • Security was called prior to the initiation of Draw Manager's lottery drawing to verify that video was operational and to observe the Draw Manager turning on the audio and visual buttons to record. • The Draw Manager selected the lottery drawing admin by.... • The Draw Manager started the Export by... • The Draw Manager downloaded and unzipped the entry file by... <p>We compared the lottery, promotion, start and end dates and times in Schedule A to the Draw Manager's Lottery Report.</p> <p>No exceptions were found as a result of this procedure.</p> <p>Phase II: Lottery Drawing Activity Preparation</p> <p>We observed the following:</p> <ul style="list-style-type: none"> • The Draw Manager launch the Secure Draw System program by...

		<ul style="list-style-type: none"> • Under the “Prize Tiers” tab, the prize tiers and alternate promotion scheme are listed per the lottery drawing procedures. • The Draw Manager add the mail-in entry files by... • The Draw Manager load the template as denoted over the lottery drawing procedures (if applicable) on the Winner Information Screen. • The Draw Manager add the entry files by... <p>No exceptions were found as a result of this procedure.</p> <p>Phase III: Conduct Draw</p> <p>We observed the Draw Manager click on the “Start Draw” button on the “Draw” tab to commence the draw.</p> <p>We observed the numbers [Insert numbers displayed] displayed on the monitor.</p> <p>No exceptions were found as a result of this procedure.</p>
53j	A description of the nature of assistance provided by a practitioner’s external specialist, as discussed in paragraph 11, if applicable	<i>[Additional paragraphs may be added to describe other matters such as description of the nature of assistance provided by a practitioner’s external specialist, or reservations or restrictions concerning procedures or findings.]</i>
53k	Limitations on procedures or findings, if applicable	
53l	The signature of the practitioner or the practitioner’s firm	<i>[Practitioner’s signature]</i>
53m	The city and state where the practitioner practices	<i>[Practitioner’s city and state]</i>

53n	The date of the practitioner’s report	[<i>Date of practitioner’s report</i>]
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Illustration 3: Selected Procedures Report Related to Sustainability

Requirement Paragraph No.	Reporting Requirement	Illustration
53a	A title that clearly indicates that it is the practitioner’s selected procedures report and includes the word <i>independent</i>	<u>Independent Accountant’s Report on Applying Selected Procedures</u>
53b	An appropriate addressee as required by the circumstances of the engagement	[<i>Appropriate Addressee</i>]
53c	An identification of the intended purpose of the engagement including <ul style="list-style-type: none"> i. the engaging party, ii. the subject matter, and iii. the criteria used 	We were engaged by ABC Company to perform procedures to assist users in evaluating ABC Company’s compliance with its Annual Verification Process for Carbon Offsets for the year ended December 31, 20X1. The procedures performed may not address all of the items of interest to a user and may not meet the needs of all users.
53d	A statement that the engaging party is responsible for the selection of the subject matter and, if applicable, an identification of the party, for purposes of the engagement, that has taken responsibility for the subject matter	ABC Company is responsible for the selection of the subject matter as the qualified carbon offsets that were acquired to cover all 20X1 sales quantities as part of ABC Company’s compliance with its Annual Verification Process for Carbon Offsets for the year ended December 31, 20X1.
53e	An identification of the party who takes responsibility for the sufficiency of the procedures or a statement that neither the practitioner nor the engaging party takes such responsibility	Neither we nor the Company take responsibility for the sufficiency of the procedures either for the purpose of assisting the Board of Directors and management in evaluating ABC Company’s compliance with its Annual Verification Process for Carbon Offsets for the year ended December 31, 20X1, or for any other purpose.
53f	A statement that the procedures performed may not address all of the items of interest to a	The procedures performed may not address all of the items of interest to a user and may not meet the needs

	user and may not meet the needs of all users and, as such, users are responsible for the sufficiency of the procedures for their intended purpose	of all users and, as such, users are responsible for the sufficiency of the procedures for their intended purpose.
53g	If applicable, a description of any specified materiality limits	
53h	<p>A statement indicating the following:</p> <ul style="list-style-type: none"> i. The selected procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that the practitioner apply procedures to the subject matter and issue a written practitioner’s report that describes the procedures applied and the practitioner’s findings. ii. 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 a conclusion, respectively, on the subject matter. iii. The practitioner does not express such an opinion or conclusion. iv. Had the practitioner performed additional procedures, other matters might have come to the practitioner’s attention that would have been reported. 	<p>This selected procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review of ABC Company’s compliance with its Annual Verification Process for Carbon Offsets for the year ended December 31, 20X1, the objective of which would be the expression of an opinion or conclusion, respectively, on such compliance. 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.</p>
53i	A list of all procedures performed, or reference thereto, and related findings	The procedures and associated findings are as follows:

Supply Side Activity

General Procedures

1. We obtained the “Supply Schedule” from ABC Company listing the Green-e Energy certified Renewable Energy Certificates (Green-e), Chicago Climate Exchange (CCX), Climate Action Reserve (CAR), and Voluntary Carbon Standard (VCS) certified supply and performed the following:
 - a. Recalculated the supply schedule
 - b. Agreed the purchased supply to CCX, CAR, VCS, or Midwest Renewable Energy Tracking System (MRETS) database to determine the vintage year was 20X1
 - c. Observed the database of CCX, CAR, VCS, and MRETS indicating the supply was retired
 - d. Obtained and viewed the carbon offset inventory supply roll-forward schedule

Findings—No exceptions were noted.

Specific Procedures

2. For all of the suppliers listed on the “Supply Schedule,” we performed the following:
 - a. Agreed the facility name to the Green-e Attestation or CCX, CAR, or VCS database, listing the year of generation and year of omission reduction
 - b. Agreed to the project certification by

Green-e, CCX, CAR, or VCS

- c. Agreed quantity of Renewable Energy Certificates (RECs), CCX, CAR, or VCS CO₂ offsets purchased to Green-e Attestation or CCX, CAR, or VCS database, respectively
- d. Recalculated the tons of carbon dioxide (CO₂) for RECs purchased according to conversion methodology
- e. Agreed supply's unique ID number to CCX, CAR, or VCS database

Findings—No exceptions were noted.

Sales Side Activities

General Procedures

- 3. We obtained the “Sales by Product Type” schedules from ABC Company and performed the following:
 - a. Compared the current year listing of product types to the prior year listing of product types to determine that the “Sales by Product Type” schedules have all product types listed
 - b. Agreed total CO₂ sales to the Company's internal CO₂ sales listing
 - c. Noted that the sales transaction dates of the CO₂ sales on the “Sales by Product Type” schedules occurred during FY 20X1 by viewing the sales transaction dates
 - d. Agreed total sales revenue per “Sales by

Product Type” to the Company’s 20X1 internal financial statements

- e. Reconciled retirements per CCX, CAR, or VCS data files to sales per worksheets, as applicable

Findings—No exceptions were noted.

Specific Procedures

- 4. We selected a sample using the “Sales by Product Type” schedules from the Company by using a 90% confidence, a tolerable deviation of 10%, and an expected deviation rate of less than 3%. For the sample selections, we performed the following:

- a. Agreed the billing amount, billing date, and CO₂ offset to the billing records
- b. Agreed the customer sales from each source to the sales by ton
- c. Viewed all Excel sales data files provided; viewed for date sequence, gaps in transaction number sequencing and inquired as to any exceptions

Findings—No exceptions were noted.

Reservations Concerning Procedures

Our procedures performed did not address the following:

- 1. Adequacy of the Company’s CO₂ inventory methodologies (including the methodology used to calculate CO₂ footprint)

		<p>2. Adequacy of CCX, CAR, and VCS methodologies to derive CO₂ content of CCX, CAR and VCS purchases</p> <p>3. Adequacy of methodology to determine methane CO₂ equivalency and, if not measured directly, methodology to derive quantity of methane</p>
53j	A description of the nature of assistance provided by a practitioner’s external specialist, as discussed in paragraph 11, if applicable	<i>[Additional paragraphs may be added to describe other matters such as description of the nature of assistance provided by a practitioner’s external specialist, or reservations or restrictions concerning procedures or findings.]</i>
53k	Limitations on procedures or findings, if applicable	
53l	The signature of the practitioner or the practitioner’s firm	<i>[Practitioner’s signature]</i>
53m	The city and state where the practitioner practices	<i>[Practitioner’s city and state]</i>
53n	The date of the practitioner’s report.	<i>[Date of practitioner’s report]</i>

Illustration 4: Selected Procedures Report Related to a Union Election (Including an Alert That Restricts the Use of the Report)

Requirement Paragraph No.	Reporting Requirement	Illustration
53a	A title that clearly indicates that it is the practitioner’s selected procedures report and includes the word <i>independent</i>	<u>Independent Accountant’s Report on Applying Selected Procedures</u>
53b	An appropriate addressee as required by the circumstances of the engagement	<i>[Appropriate Addressee]</i>
53c	An identification of the intended purpose of the engagement including	We were engaged by Local X Union to perform procedures to assist members of Local X Union in determining whether proper election procedures (the

	<ul style="list-style-type: none"> i. the engaging party, ii. the subject matter, and iii. the criteria used 	Guidelines) were followed. The procedures performed may not address all of the items of interest to a user and may not meet the needs of all users.
53d	A statement that the engaging party is responsible for the selection of the subject matter and, if applicable, an identification of the party, for purposes of the engagement, that has taken responsibility for the subject matter	Local X Union is responsible for the selection of the subject matter as Local X Union’s conduct of the elections.
53e	An identification of the party who takes responsibility for the sufficiency of the procedures or a statement that neither the practitioner nor the engaging party takes such responsibility	Neither we nor the Company take responsibility for the sufficiency of the procedures for the purpose of assisting members of Local X Union in determining whether proper election procedures were followed or for any other purpose.
53f	A statement that the procedures performed may not address all of the items of interest to a user and may not meet the needs of all users and, as such, users are responsible for the sufficiency of the procedures for their intended purpose.	The procedures performed may not address all of the items of interest to a user and may not meet the needs of all users and, as such, users are responsible for the sufficiency of the procedures for their intended purpose.
53g	If applicable, a description of any specified materiality limits	
53h	<p>A statement indicating the following:</p> <ul style="list-style-type: none"> i. The selected procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that the practitioner apply procedures to the subject matter and issue a written practitioner’s report that describes the procedures applied and the practitioner’s findings. 	This selected procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review on Local X Union’s conduct of the elections, the objective of which would be the expression of an opinion or conclusion, respectively, on Local X Union’s conduct of the elections. 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.

	<p>ii. 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 a conclusion, respectively, on the subject matter.</p> <p>iii. The practitioner does not express such an opinion or conclusion.</p> <p>iv. Had the practitioner performed additional procedures, other matters might have come to the practitioner's attention that would have been reported.</p>	
<p>53i</p>	<p>A list of all procedures performed, or reference thereto, and related findings</p>	<p>The procedures and associated findings related to each referenced section of the Guidelines are as follows:</p> <p><u>Observers</u></p> <p>On [date], we observed the following:</p> <ol style="list-style-type: none"> 1. Each candidate had one designated observer present at the election and the counting of the ballots. 2. Local X Union verified that each observer present was a member in good standing 3. Observers were not allowed to handle ballots 4. Observers were not wearing campaign buttons, stickers, or other campaign apparel <p>No exceptions were found as a result of this procedure.</p> <p><u>Challenged Ballots</u></p>

		<p>On [date], we observed the following:</p> <ol style="list-style-type: none">1. Three (3) ballots were challenged by Observers.2. For each ballot challenged:<ol style="list-style-type: none">a. Voting Member was provided a blank ballot, an envelope labeled “secret ballot envelope”, and a larger envelope labeled “challenged ballot envelope.”b. An Election Official recorded on the outside of the challenged ballot envelope, the voting member’s name, membership number, reason for the challenge, name of person raising the challenge, resolution of the challenge, name of the Election Official, and the date.c. Voting Member was shown to private voting area where the ballot was marked, placed in secret ballot envelope, and sealed. Voting Member then placed the secret ballot envelope in the challenged ballot envelope and returned it unsealed to the Election Official.d. The Election Official insured the challenged ballot envelope contained the secret ballot envelope.e. The Voting Member then sealed the challenged ballot envelope and placed it in a separate ballot box maintained for challenged ballots. <p>No exceptions were found as a result of this procedure.</p> <p><u>Counting the Ballots</u></p>
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		<p>On [date], we observed the following:</p> <ol style="list-style-type: none"> 1. Local X Union elected to use machine counting for the election. 2. After all Voting Members' votes were cast, the Operator of the voting machine locked all the ballot machines. 3. The machines were then opened one by one and a member of the Election Committee read and recorded the tabulations while two other Election Committee members each recorded the tabulations on separate tally sheets. 4. After all tabulations were completed, the voting machine Operator locked all of the ballot machines. 5. The Election Committee then totaled the results of the tabulation sheets. 6. The Elections Committee Chairman read the results aloud. 7. The members of the Election Committee signed the tally sheets. 8. The tally sheets were locked in a safe place. <p>No exceptions were found as a result of this procedure.</p>
53j	A description of the nature of assistance provided by a practitioner's external specialist, as discussed in paragraph 11, if applicable	<i>[Additional paragraphs may be added to describe other matters such as description of the nature of assistance provided by a practitioner's external specialist, or reservations or restrictions concerning procedures or findings.]</i>
53k	Limitations on procedures or findings, if applicable	

55	<p>The alert should</p> <ul style="list-style-type: none"> 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. c. state that the report is not intended to be, and should not be, used by anyone other than the specified parties. 	<p>This report is intended solely for the information and use of current and prospective members of Local X Union and is not intended to be and should not be used by anyone other than these specified parties.</p>
53l	The signature of the practitioner or the practitioner’s firm	[<i>Practitioner’s signature</i>]
53m	The city and state where the practitioner practices	[<i>Practitioner’s city and state</i>]
53n	The date of the practitioner’s report	[<i>Date of practitioner’s report</i>]

Illustration 5: Selected Procedures Report Related to Internal Control (Including an Alert That Restricts the Use of the Report)

Requirement Paragraph No.	Reporting Requirement	Illustration
53a	A title that clearly indicates that it is the practitioner’s selected procedures report and includes the word <i>independent</i>	<u>Independent Accountant’s Report on Applying Selected Procedures</u>
53b	An appropriate addressee as required by the circumstances of the engagement	[<i>Appropriate Addressee</i>]
53c	<p>An identification of the intended purpose of the engagement including</p> <ul style="list-style-type: none"> i. the engaging party, ii. the subject matter, and 	<p>We were engaged by XYZ Association to perform procedures to assist management of XYZ Association in determining whether record keeping is effective. The procedures performed may not address all of the items of interest to a user and may not meet the needs of all</p>

	iii. the criteria used	users.
53d	A statement that the engaging party is responsible for the selection of the subject matter and, if applicable, an identification of the party, for purposes of the engagement, that has taken responsibility for the subject matter	XYZ Association is responsible for the selection of the subject matter as XYZ Association’s internal control with respect to record keeping.
53e	An identification of the party who takes responsibility for the sufficiency of the procedures or a statement that neither the practitioner nor the engaging party takes such responsibility	Neither we nor the Association take responsibility for the sufficiency of the procedures for either the purpose of assisting management of XYZ Association in determining whether record keeping is effective or for any other purpose.
53f	A statement that the procedures performed may not address all of the items of interest to a user and may not meet the needs of all users and, as such, users are responsible for the sufficiency of the procedures for their intended purpose.	The procedures performed may not address all of the items of interest to a user and may not meet the needs of all users and, as such, users are responsible for the sufficiency of the procedures for their intended purpose.
53g	If applicable, a description of any specified materiality limits	
53h	A statement indicating the following: i. The selected procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that the practitioner apply procedures to the subject matter and issue a written practitioner’s report that describes the procedures applied and the practitioner’s findings.	This selected procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review of XYZ Association’s record keeping, the objective of which would be the expression of an opinion or conclusion, respectively, on the internal control. 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.

	<p>ii. 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 a conclusion, respectively, on the subject matter.</p> <p>iii. The practitioner does not express such an opinion or conclusion.</p> <p>iv. Had the practitioner performed additional procedures, other matters might have come to the practitioner’s attention that would have been reported.</p>	
<p>53<i>i</i></p>	<p>A list of all procedures performed, or reference thereto, and related findings</p>	<p>The procedures and associated findings are as follows:</p> <ol style="list-style-type: none"> 1. We inquired as to whether monthly financial statements are presented to the Board of Directors as required by XYZ Association’s bylaws. <p>Findings—Financial statements were not presented to the Board as required. Pursuant to the Board minutes, the Treasurer provided the monthly balances in XYZ Association’s checking and money market accounts to the Board at each monthly meeting.</p> <ol style="list-style-type: none"> 2. With respect to monthly bank reconciliations for the operating and payroll cash accounts, we <ol style="list-style-type: none"> a. inquired as to whether all monthly bank

statements are promptly presented, unopened to the Association's Treasurer.

- b.* inquired as to whether the Treasurer opens and reviews the bank statements, including the copies of canceled checks, for unusual items and errors.
- c.* inquired as to whether the Treasurer promptly reconciles all monthly bank accounts.
- d.* inquired as to whether all differences are promptly addressed and resolved.

Findings—The Treasurer confirmed that all requirements are being followed. However, we observed that the bank statements are not being mailed to the Association's address but instead to the Treasurer's home address.

- 3. We inspected all canceled checks for the operating and payroll cash accounts to observe whether the checks were signed by an authorized individual. The President, Vice President, Financial Secretary, and Treasurer are the authorized signors.

Findings—All checks were signed by an authorized signor.

- 4. We selected three bank reconciliations for the

operating and payroll cash accounts and observed that they had been reconciled and that all differences had been addressed and resolved.

Findings—We randomly selected the bank reconciliations for April, June, and July 20X1 for the operating and payroll cash accounts. We noted that all months selected had been reconciled and all differences had been resolved.

5. We randomly selected 50 transactions (receipts and disbursements) and traced the transactions into the Association’s accounting system.

Findings—No exceptions noted.

6. We inquired as to whether the Association is properly registered as a tax-exempt entity.

Findings—The Treasurer confirmed that all required Forms 990 have been filed with the Internal Revenue Service for the past three years.

7. We inquired as to whether the Association safeguards all records.

Findings—The Treasurer stated that all Association financial records are stored at the Association’s office

and that bank statements are retained for five years and other records for three years.

8. We selected a sample of cash disbursements and observed whether

- a. all disbursements were made in accordance with the Association's procedures as approved by the Board of Directors.
- b. all disbursements were made for the direct benefit of Association members.
- c. all disbursements were made by a properly executed check.
- d. checks were not made payable to "Cash"
- e. documentation is maintained that supports the disbursements and shows that the disbursement was approved by the appropriate individual.
- f. payments to contractors were reported to the Internal Revenue Service and Forms 1099 were issued, as appropriate.
- g. checks were posted to the transaction journal.

Findings—21 out of 27 cash disbursements were not supported by original vendor invoices. Also, 26 disbursements were not properly approved for payment.

53j	A description of the nature of assistance provided by a practitioner’s external specialist, as discussed in paragraph 11, if applicable	<i>[Additional paragraphs may be added to describe other matters such as description of the nature of assistance provided by a practitioner’s external specialist, or reservations or restrictions concerning procedures or findings.]</i>
53k	Limitations on procedures or findings, if applicable	
55	The alert should <ul style="list-style-type: none"> 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. c. state that the report is not intended to be, and should not be, used by anyone other than the specified parties. 	This report is intended solely for the information and use of management of XYZ Association and is not intended to be and should not be used by anyone other than these specified parties.
53l	The signature of the practitioner or the practitioner’s firm	<i>[Practitioner’s signature]</i>
53m	The city and state where the practitioner practices	<i>[Practitioner’s city and state]</i>
53n	The date of the practitioner’s report.	<i>[Date of practitioner’s report]</i>

Illustration 6: Selected Procedures Report Related to a Financial Statement Element (Including an Alert That Restricts the Use of the Report)

Requirement Paragraph No.	Reporting Requirement	Illustration
53a	A title that clearly indicates that it is the practitioner’s selected procedures report and includes the word <i>independent</i>	<u>Independent Accountant’s Report on Applying Selected Procedures</u>

53b	An appropriate addressee as required by the circumstances of the engagement	[<i>Appropriate Addressee</i>]
53c	An identification of the intended purpose of the engagement including i. the engaging party, ii. the subject matter, and iii. the criteria used	We were engaged by ABC Company to perform procedures to assist ABC Company's Accounts Payable Department in determining whether disbursements of ABC Company funds are recorded in accordance with the Company's accounting policies. The procedures performed may not address all of the items of interest to a user and may not meet the needs of all users.
53d	A statement that the engaging party is responsible for the selection of the subject matter and, if applicable, an identification of the party, for purposes of the engagement, that has taken responsibility for the subject matter	ABC Company is responsible for the selection of the subject matter as the accounts payable of ABC Company as of December 31, 20X1.
53e	An identification of the party who takes responsibility for the sufficiency of the procedures or a statement that neither the practitioner nor the engaging party takes such responsibility	Neither we nor the Company take responsibility for the sufficiency of the procedures for the purpose of assisting ABC Company's Accounts Payable Department in determining whether disbursements of ABC Company funds are recorded in accordance with the Company's accounting policies.
53f	A statement that the procedures performed may not address all of the items of interest to a user and may not meet the needs of all users and, as such, users are responsible for the sufficiency of the procedures for their intended purpose	The procedures performed may not address all of the items of interest to a user and may not meet the needs of all users and, as such, users are responsible for the sufficiency of the procedures for their intended purpose.
53g	If applicable, a description of any specified materiality limits	
53h	A statement indicating the following: i. The selected procedures engagement was conducted in accordance with attestation standards established by the	This selected procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination

	<p>American Institute of Certified Public Accountants. Those standards require that the practitioner apply procedures to the subject matter and issue a written practitioner’s report that describes the procedures applied and the practitioner’s findings.</p> <p>ii. 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 a conclusion, respectively, on the subject matter.</p> <p>iii. The practitioner does not express such an opinion or conclusion.</p> <p>iv. Had the practitioner performed additional procedures, other matters might have come to the practitioner’s attention that would have been reported.</p>	<p>or review of ABC Company’s accounts payable as of December 31, 20X1, the objective of which would be the expression of an opinion or conclusion, respectively, on the accounts payable. 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.</p>
<p>53i</p>	<p>A list of all procedures performed, or reference thereto, and related findings</p>	<p>The procedures and associated findings are as follows:</p> <ol style="list-style-type: none"> 1. We agreed the total accounts payable balance in ABC Company’s trial balance as of December 31, 20X1, to the balance in the related general ledger account. <p>Findings—No exceptions were noted.</p>

		<p>2. We compared the (attached list) of major suppliers and amounts owing as of December 31, 20X1, to the related names and amounts in the trial balance.</p> <p>Findings—No exceptions were noted.</p> <p>3. We obtained suppliers’ statements or requested suppliers to confirm balances owing as of December 31, 20X1.</p> <p>Findings—No exceptions were noted.</p> <p>4. We compared such statements or confirmations to the amounts referred to in procedure 2. For amounts that did not agree, we obtained reconciliations from ABC Company. For reconciliations obtained, we identified and listed outstanding invoices, credit notes, and outstanding checks, each of which was greater than XXX.</p> <p>Findings—No exceptions were noted.</p>
53j	A description of the nature of assistance provided by a practitioner’s external specialist, as discussed in paragraph 11, if applicable	<i>[Additional paragraphs may be added to describe other matters such as description of the nature of assistance provided by a practitioner’s external specialist, or reservations or restrictions concerning procedures or findings.]</i>

53k	Limitations on procedures or findings, if applicable	
55	<p>The alert should</p> <ul style="list-style-type: none"> 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. c. state that the report is not intended to be, and should not be, used by anyone other than the specified parties. 	This report is intended solely for the information and use of ABC Company and is not intended to be and should not be used by anyone other than these specified parties.
53l	The signature of the practitioner or the practitioner’s firm	<i>[Practitioner’s signature]</i>
53m	The city and state where the practitioner practices	<i>[Practitioner’s city and state]</i>
53n	The date of the practitioner’s report	<i>[Date of practitioner’s report]</i>