



Agenda Item 1C

AT-C-215, *Agreed-Upon Procedures Engagements*, Redline to Show Proposed Changes for Selected Procedures

Introduction, Objectives, Definitions and Requirements	Application and Other Explanatory Material
Introduction	Introduction (Ref: par. 03)
<p>.01 This section contains performance and reporting requirements and application guidance for all agreed-upon procedures engagements. The requirements and guidance in this section supplement the requirements and guidance in section 105, <i>Concepts Common to All Attestation Engagements</i>.</p>	
<p>.02 An <i>agreed-upon procedures engagement</i> is one in which a practitioner is engaged to issue, or does issue, a practitioner’s report of findings based on specific agreed-upon procedures applied to subject matter for use by specified parties. Because the specified parties require that findings be independently derived, the services of a practitioner are obtained to perform procedures and report the practitioner’s findings. The specified parties determine the procedures they believe to be appropriate to be applied by the practitioner. Because the needs of specified parties may vary widely, the nature, timing, and extent of the agreed-upon procedures may vary, as well; consequently, the specified parties assume responsibility for the sufficiency of the procedures because they best understand their own needs. The procedures may be developed by the practitioner, the engaging party, another party, or a combination of these parties. Because they best understand their own needs, the engaging party is required to acknowledge that the procedures performed are appropriate for the intended purpose of the engagement prior to issuance of the practitioner’s agreed-upon procedures report. In an engagement performed</p>	

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<p>Under in accordance with this section, the practitioner does not perform an examination or a review-limited assurance engagement and does not provide an opinion or conclusion. Instead, the report on agreed-upon procedures is in the form of procedures and findings. The practitioner's agreed-upon procedures report may be intended for a broad range of users and is not required to be restricted as to use unless the engaging party or other party prescribes the procedures for the practitioner to perform without the practitioner's ability to perform or design additional procedures.</p>	
<p>.03 When a practitioner performs services pursuant to an engagement to apply agreed-upon procedures to subject matter as part of or in addition to another form of service, this section applies only to those services described herein; other professional standards would apply to the other services. Other services may include an audit, review, or compilation of a financial statement, another attestation service performed pursuant to the attestation standards, or a nonattestation service. A practitioner's report on applying agreed-upon procedures to subject matter may be combined with a report on such other services, provided the types of services can be clearly distinguished, and the applicable standards for each service are followed. (Ref: par.0)</p>	<p>A1 A practitioner may issue a single combined practitioner's report that includes (a) a practitioner's report on subject matter or a presentation that requires a restriction on use to specified parties and (b) a report on subject matter or a presentation that ordinarily does not require such a restriction. The use of such a single combined report may be restricted to the specified parties. In some instances, a separate restricted use report may be included in a document that also contains a general use report. The inclusion of a separate restricted use report in a document that contains a general use report does not affect the intended use of either report. The restricted use report remains restricted as to use, and the general use report continues to be for general use.</p>
<p>.04 This section does not apply to engagements to issue letters (commonly referred to as <i>comfort letters</i>) to underwriters and certain other requesting parties.^{fn1}</p> <p>^{fn 1} See AU-C section 920, <i>Letters for Underwriters and Certain Other Requesting Parties</i> (AICPA, <i>Professional Standards</i>).</p>	
<p>Effective Date</p>	
<p>.05 This section is effective for agreed-upon procedures reports dated on or after Month X, 2017Month DD, YYYY.</p>	
<p>Objectives</p>	<p>Objectives (Ref: par. .6a)</p>

Commented [MG1]: Issue for ARSC and ASB consideration:

The Selected Procedures Task Force envisioned a “fork in the road” where the more flexible service contemplated by the Selected Procedures ED would deviate from the traditional AUP engagement. In looking to operationalize this concept, we did not have pure agreement as to how to do that.

1)The TF discussed a concept where if the practitioner is engaged because of a regulation, contract, or a request from a third-party, then the traditional AUP service would be performed. In such a case, the specified parties would be required to agree as to the appropriateness of the procedures and the practitioner's report would be restricted to those specified parties. If the practitioner is engaged because the engaging party wants to provide the report to others (perhaps a broad range of users), then only the engaging party would be required to agree as to the appropriateness of the procedures and the report could be general use.

2) In thinking through, a question was raised as to whether the theory to restrict use because the engagement is required by contract or regulation works. Instead, the report would be restricted if the practitioner does not have the ability to design or perform procedures other than those provided by the engaging party (perhaps due to the procedures being prescribed by contract or regulation).

THIS DRAFT IS PREPARED UTILIZING THE SECOND SCENARIO. HOWEVER, THE TF REQUESTS ARSC/ASB FEEDBACK.

Commented [MG2]: Concept is moved to paragraph A38 under the Alert That Restricts the Use of the Practitioner's Agreed-Upon Procedures Report.

Commented [MG3]: Will be consistent with the effective date of the Direct Engagements suite of standards.

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<p>.06 In conducting an agreed-upon procedures engagement, the objectives of the practitioner are to</p> <ol style="list-style-type: none"> apply to the subject matter procedures that are established by specified parties who are responsible for the sufficiency of the procedures for their purposes <u>the engaging party acknowledges are appropriate for the purposes of the engagement</u>; (Ref: par. A2A1) issue a written practitioner’s report that describes the procedures applied and the practitioner’s findings; and communicate further as required by relevant AT-C sections. 	<p>.A2-A1 In an agreed-upon procedures engagement, the practitioner applies procedures to the subject matter of the engagement. Even though the procedures are established by the specified parties, <u>The</u> requirements and guidance related to the subject matter and criteria in section 105 apply.</p>
<p>Definition</p> <p>.07 For purposes of this section, the following term has the meaning attributed as follows:</p> <p>Nonparticipant party. An additional specified party the practitioner is requested to add as a user of the practitioner’s report subsequent to the completion of the agreed-upon procedures engagement. (The term <i>specified party</i> is defined in section 105.⁴)</p>	
<p>Requirements</p>	
<p>Conduct of an Agreed-Upon Procedures Engagement</p>	<p>Conduct of an Agreed-Upon Procedures Engagement (Ref: par. .0807, .10, and 14d11d)</p>
<p>.08-07 In performing an agreed-upon procedures engagement, the practitioner should comply with this section, section 105, and any subject-matter section that is relevant to the engagement. A subject-matter AT-C section is relevant to the engagement when it is in effect, and the circumstances addressed by the AT-C section exist. (Ref: par. A3-A4 .A2-.A3)</p>	<p>.A3-A2 For example, if a practitioner were performing agreed-upon procedures related to an entity’s compliance with requirements of specified laws, regulations, rules, contracts, or grants, section 105, this section, and section 315, <i>Compliance Attestation</i>, would be relevant.</p>
	<p>.A4-A3 Although independence is required for agreed-upon procedures engagements, the “Agreed- Upon Procedures</p>

Commented [MG4]: Issue for ARSC/ASB consideration:

In a traditional AUP, the specified parties are required to agree to the sufficiency of the procedures for their purposes.

In the instance in which the procedures are prescribed by regulation, contract, or otherwise (and the practitioner does not have the ability to design or perform additional procedures, should the practitioner be required to obtain the specified parties’ acknowledgment of the appropriateness of the procedures? Or, instead should the practitioner be required to only obtain the engaging party’s acknowledgment that the procedures are appropriate for the intended purpose of the engagement (and the engaging party would survey the users if necessary)?

THE DRAFT IS PREPARED SO THAT THE PRACTITIONER WOULD NOT BE REQUIRED TO GET ACKNOWLEDGEMENT FROM ANY USERS.

⁴. Paragraph .10 of section 105, *Concepts Common to All Attestation Engagements*.

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	Engagements Performed in Accordance With SSAEs” interpretation (AICPA, <i>Professional Standards</i> , ET sec. 1.297.020.), establishes independence requirements unique to such engagements.
<p>Preconditions for an Agreed-Upon Procedures Engagement</p> <p>.09–08 Section 105 indicates that a practitioner must be independent when performing an attestation engagement in accordance with the attestation standards unless the practitioner is required by law or regulation to accept the engagement and report on the subject matter or assertion.^{fn2} When the practitioner is not independent but is required by law or regulation to accept an agreed-upon procedures engagement and report on the procedures performed and findings obtained, the practitioner’s report should specifically state that the practitioner is not independent. The practitioner is neither required to provide, nor precluded from providing, the reasons for the lack of independence; however, if the practitioner chooses to provide the reasons for the lack of independence, the practitioner should include all the reasons therefor.</p>	
<p>^{fn 2} Paragraph .10 of section 105, <i>Concepts Common to All Attestation Engagements</i>.</p> <p>.10 In order to establish that the preconditions for an agreed upon procedures engagement are present, the practitioner should determine that the following conditions, in addition to the preconditions identified in section 105, are present:² (Ref: par. A5–A6)</p> <ul style="list-style-type: none"> a. The specified parties agree on the procedures performed, or to be performed, by the practitioner. b. The specified parties take responsibility for the sufficiency of the agreed upon procedures for their purposes. (Ref: par. A6) c. The practitioner determines that the procedures can be performed and reported on in accordance with this section. d. The procedures to be applied to the subject matter are expected to result in reasonably consistent findings using the criteria. 	<p>.A5 To satisfy the requirements that the specified parties agree upon, the procedures performed or to be performed, and that the specified parties take responsibility for the sufficiency of the agreed upon procedures for their purposes, the practitioner ordinarily communicates directly with and obtains affirmative acknowledgment from each of the specified parties. For example, this may be accomplished by meeting with the specified parties or by distributing a draft of the anticipated practitioner’s report or a copy of an engagement letter to the specified parties and obtaining their agreement. If the practitioner is not able to communicate directly with all the specified parties, the practitioner may satisfy these</p>

². Paragraphs .25–.30 of section 105.

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<p>e. When applicable, the practitioner agrees to apply any materiality limits established by the specified parties for reporting purposes.</p> <p>f. Use of the practitioner's report is to be restricted to the specified parties.</p>	<p>requirements by applying any one or more of the following or similar procedures:</p> <ul style="list-style-type: none"> • Compare the procedures to be applied to written requirements of the specified parties. • Discuss the procedures to be applied with appropriate representatives of the specified parties involved. • Review relevant contracts with or correspondence from the specified parties.
<p>.11 The practitioner should not accept an agreed upon procedures engagement when the specified parties do not agree upon the procedures performed, or to be performed, or do not take responsibility for the sufficiency of the procedures for their purposes. (See paragraphs .33 .35 for the requirements and related application guidance on satisfying these requirements when the practitioner is requested to add a nonparticipant party.) (Ref: par. A6)</p>	<p>.A6 Specified parties are responsible for the sufficiency (nature, timing, and extent) of the agreed upon procedures because they best understand their own needs. The specified parties assume the risk that such procedures might be insufficient for their purposes. In addition, the specified parties assume the risk that they might misunderstand or otherwise inappropriately use findings properly reported by the practitioner.</p>
<p>Agreeing on the Terms of the Engagement</p>	<p>Agreeing on the Terms of the Engagement (Ref: par. .12-09 and .14b and e)</p>
<p>.12-09 The practitioner should agree upon the terms of the engagement with the engaging party. The agreed-upon terms of the engagement should be specified in sufficient detail in an engagement letter or other suitable form of written agreement. (Ref: par. A7A4)</p>	<p>.A7-A4 It is in the interests of both the engaging party and the practitioner to document the agreed upon terms of the engagement before the commencement of the engagement to help avoid misunderstandings. The form and content of the engagement letter or other suitable form of written agreement will vary with the engagement circumstances.</p>
<p>.13-10 The agreement should be addressed to the engaging party.</p>	

Commented [MG5]: Issue for discussion with ARSC and ASB:

Paragraphs 10 and 11 from AT-C section 215 are proposed to be deleted because:

1)The engaging party would not have to acknowledgment that the procedures are appropriate until prior to issuance of the report – as opposed to at the onset of the engagement. This would work even if the practitioner is given the procedures.

2)Even if the procedures are prescribed and the practitioner does not have the ability to perform additional procedures, the practitioner would not need to get agreement from the users (specified parties).

DOES THE ARSC AND ASB AGREE WITH THIS APPROACH OR SHOULD THE PRECONDITIONS BE RETAINED (PERHAPS WITH MODIFICATION)?

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<p>.14-11 The agreed-upon terms of the engagement should include the following:</p> <p>a. The nature of the engagement <u>Identification of the following:</u></p> <ul style="list-style-type: none"> i. <u>The engaging party</u> ii. <u>The intended purpose of the engagement as determined by the engaging party (Ref: par. A5)</u> iii. <u>The subject matter</u> iv. <u>The criteria to be used (Ref: par. A6)</u> v. <u>Either the party that is responsible for the subject matter of the engagement or the source of the subject matter, as applicable (Ref: par. A7)</u> <p>Identification of the subject matter or assertion, the responsible party, and the criteria to be used (Ref: par. A8.)</p> <p>e. Identification of specified parties</p> <p>4b. <u>The responsibilities of the engaging party related to the subject matter of the engagement, which include, when applicable, the following:</u></p> <ul style="list-style-type: none"> i. <u>The accuracy and completeness of the records, documents, explanations, and other information, including significant judgments, the engaging party provides the practitioner for the engagement</u> ii. <u>Preventing and detecting fraud</u> iii. <u>Complying with laws and regulations applicable to the entity and its</u> 	<p><u>.A5</u> The intended purpose of the engagement is determined by the engaging party and is the use for which the practitioner’s report is intended. The engagement may be required by contract, regulation, or from a request by a third party or may be the result of the engaging party providing information to a broad class of users such as customers. 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>A8-A6 -The criteria may be indicated in the procedures as opposed to being described separately.</p> <p><u>.A7</u> 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 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>

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<p><u>activities</u></p> <p>iv. Providing the practitioner with the following:</p> <ol style="list-style-type: none"> 1. <u>Prior to the conclusion of the engagement, a written acknowledgment regarding the appropriateness of the procedures for the intended purpose of the engagement</u> 2. <u>Access to all information of which the engaging party is aware that is relevant to the engagement, such as records, documents, and other matters</u> 3. <u>Additional information that the practitioner may request from the engaging party for the purpose of the agreed-upon procedures engagement</u> 4. <u>Unrestricted access to persons of whom the practitioner determines it necessary to make inquiries</u> <p>Acknowledgment by the specified parties of their responsibility for the sufficiency of the procedures (Ref: par. A6)</p> <p><u>c.</u> The responsibilities of the practitioner (Ref: par. A9 A10, A8 - A9)</p> <p><u>fd.</u> A statement that the engagement will be conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants</p> <p>g. Agreement on procedures by enumerating (or referring to) the procedures</p> <p><u>he.</u> Disclaimers expected to be included in the practitioner's report</p> <p><u>if.</u> Use restrictions, <u>if any</u></p> <p><u>ig.</u> Assistance to be provided to the practitioner, <u>if any</u></p> <p><u>ih.</u> Involvement of a practitioner's external specialist, if applicable</p> <p><u>ii.</u> Agreed-upon materiality limits specified by the specified parties, if applicable</p>	<p>.A9A8 The responsibility of the practitioner is to carry out the procedures and report the findings in accordance with the attestation standards. The practitioner assumes the risk that misapplication of the procedures may result in inappropriate findings being reported. Furthermore, the practitioner assumes the risk that appropriate findings may not be reported or may be reported inaccurately. The practitioner's risks can be reduced through adequate planning and supervision and due professional care in performing the procedures, accumulating the findings, and preparing the practitioner's report.</p> <p>.A10A9 The practitioner has no responsibility to determine the differences between the agreed upon procedures to be performed and the procedures that the practitioner would have determined to be necessary had the practitioner been engaged to perform another form of attestation engagement. The procedures that the practitioner agrees to perform pursuant to an agreed upon procedures engagement may be more or less extensive than the procedures that the practitioner would determine to be necessary had he or she been engaged to perform another form of engagement. When applicable, the</p>

Commented [MG6]: Issue for ARSC and ASB consideration:

If the procedures are prescribed and the practitioner does not have the ability to develop or perform additional procedures, should there be a requirement at the onset of the engagement for the engaging party to provide such procedures? Or, is the proposed requirement that, prior to the issuance of the practitioner's report, the engaging party acknowledge that the procedures are appropriate work for all AUP engagements?

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	<p>practitioner's responsibilities may also include developing the procedures to be performed.</p>
<p>Requesting a Written Assertion</p> <p>.15 The practitioner should request from the responsible party a written assertion about the measurement or evaluation of the subject matter against the criteria. (Ref: par. .A11 .A15)</p>	<p>Requesting a Written Assertion (Ref: par. .15 .16)</p> <p>.A11 Situations may arise in which the current responsible party was not present during some or all of the period covered by the practitioner's report. Such persons may contend that they are not in a position to provide a written assertion that covers the entire period because they were not in place during some or all of the period. This fact, however, does not diminish such persons' responsibilities for the subject matter as a whole. Accordingly, the requirement for the practitioner to request a written assertion from the responsible party that covers the entire relevant period(s) still applies.</p> <p>.A12 Paragraph .28a requires the practitioner to request a written representation from the responsible party that is the same as the responsible party's assertion. If the responsible party provides the practitioner with the written representation in paragraph .28a, the practitioner need not request a separate written assertion, unless a separate written assertion is called for by the engagement circumstances.</p> <p>.A13 In an agreed-upon procedures engagement, the procedures that the practitioner is asked to perform frequently consist of comparing information from one source with information from another source to determine whether they agree. For that reason, the criteria identified in the assertion might be the agreement of one amount with another amount.</p>

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	<p>A14 The following are examples of assertions the responsible party might make related to accounts receivable in the engagement that results in the practitioner's report illustrated in example 2 of paragraph A48:</p> <ul style="list-style-type: none">• General ledger account 250, "Accounts Receivable," as of December 31, 20XX, accurately summarizes the accounts receivable aged trial balance, which accurately summarizes individual customer account balances as of that date.• The accounts receivable subsidiary ledger as of December 31, 20XX accurately summarizes individual account balances in the aged trial balance of accounts receivable as of that date.• The aged trial balance of accounts receivable as of December 31, 20XX, accurately ages outstanding invoices in the accounts receivable subledger as of that date.• The accounts receivable trial balance as of December 31, 20XX, accurately summarizes amounts due from customers at that date. <p>Alternatively, a single assertion such as the following might be appropriate:</p> <ul style="list-style-type: none">• The accounts receivable aged trial balance as of December 31, 20XX, accurately presents the general ledger balance and the amounts and ages of individual customer balances as of that date.• Additional assertions would be necessary for the engagement resulting in the report in example 2 of paragraph A48, for example, an assertion about cash, or in the case of a single

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	<p>assertion, the assertion would need to be modified to address cash.</p> <p>A15 Paragraph .36 contains reporting requirements for situations in which the responsible party refuses to provide the practitioner with a written assertion.</p>
<p>.16 If the engaging party is not the responsible party, and the practitioner is aware that the responsible party refuses to provide the practitioner with a written assertion, the written agreement required by paragraph .12 should make clear that no such assertion will be provided to the practitioner. (Ref: par. .A15)</p>	
<p>Procedures to Be Performed</p>	<p>Procedures to Be Performed (Ref: par. .17-12, .15 and .1913)</p>
<p>.1712 The practitioner should perform procedures agreed upon pursuant to paragraph .14g should specify the whose nature, timing, and extent of the procedures are specific. (Ref: par. A16-A20, A10-A14)</p>	<p>A16 .A10 The procedures that the practitioner and specified parties agree upon may be as limited or as extensive as the specified parties desire. However, mere reading of an assertion or specified information about the subject matter does not constitute a procedure sufficient to permit a practitioner to report on the results of applying agreed-upon procedures.</p>
	<p>A17 .A11 Examples of appropriate procedures include the following:</p> <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 specific procedures on work performed by others • Performance of mathematical computations
	<p>A18 .A12 Examples of inappropriate procedures include the following:</p>

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	<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>A19 <u>A13</u> -If the practitioner is selecting a sample, stating the size of the sample and how the selection was made (after agreement by the specified parties regarding the relevant parameters) contributes to the specificity of the description of procedures performed (for example, 50 items starting at the eighth item and selecting every fifteenth item thereafter or invoices issued from May 1 to July 31, 20XX).</p>
	<p>A20 <u>A14</u> Examples of other information the practitioner may include are the date the procedure was performed and the sources of information used in performing the procedure.</p>
<p>.18 In some circumstances, the procedures agreed upon evolve or are modified over the course of the engagement. In such circumstances, the practitioner should amend the engagement letter or other suitable form of written agreement, as applicable, to reflect the modified procedures.</p>	
<p>.19 <u>13</u> <u>The practitioner should use professional judgment in making a determination about whether the descriptions of the procedures are sufficiently precise and clear.</u> The practitioner should not agree to perform procedures that are open to varying interpretations <u>or that use vague or ambiguous language.</u> 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 unless such terms are defined within the agreed-upon procedures. (Ref: par. A21 <u>A15</u>)</p>	<p>A21 <u>A15</u> -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 are the following:</p> <ul style="list-style-type: none"> • Inspect • Confirm • Compare

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	<ul style="list-style-type: none">• 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 have an uncertain meaning:</p> <ul style="list-style-type: none">• Note• Review• General review• Limited review• Evaluate• Analyze• Check• Test• Interpret• Verify• Examine

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<p>.20-14 The practitioner should obtain evidence from applying the agreed-upon 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 a Practitioner's External Specialist</p>	<p>Using the Work of a Practitioner's External Specialist (Ref: par. .21)</p>
<p>.21 The practitioner and the specified parties should explicitly agree to the involvement of a practitioner's external specialist if assisting a practitioner in the performance of an agreed-upon procedures engagement. (Ref: par. .A22-.A24)</p>	<p>.A22 The practitioner's education and experience enable the practitioner to be knowledgeable about business matters in general, but the practitioner is not expected to have the expertise of a person trained for or qualified to engage in the practice of another profession or occupation. In certain circumstances, it may be appropriate to involve a practitioner's external specialist to assist the practitioner in the performance of one or more procedures. The following are examples of such circumstances:</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 interpreting environmental remedial action regulatory directives that may affect the agreed-upon procedures applied to an environmental liabilities account in a financial statement • A geologist providing assistance in distinguishing between the physical characteristics of a generic minerals group related to information to which the agreed-upon procedures are applied

Commented [MG7]: The requirements/guidance in draft revised AT-C section 105 run to examination and limited assurance engagements only. However, if there is no requirement for the specified parties to agree to the sufficiency of the procedures, we can run that to AUP as well.

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	.A23 The agreement regarding the involvement of a practitioner's external specialists may be reached when obtaining agreement on the procedures performed, or to be performed, and acknowledgment of responsibility for the sufficiency of the procedures, as discussed in paragraph .10b.
	.A24 A practitioner may agree to apply procedures to the report or work product of a practitioner's external specialist that does not constitute assistance by the external specialist to the practitioner in an agreed upon procedures engagement. For example, the practitioner may make reference to information contained in a report of a practitioner's external specialist in describing an agreed upon procedure. However, it is inappropriate for the practitioner to agree to merely read the external specialist's report solely to describe or repeat the findings or to take responsibility for all or a portion of any procedures performed by a practitioner's external specialist or the external specialist's work product.
.22 The practitioner's report should describe the nature of the assistance provided by the practitioner's external specialist.	
Using the Work of Internal Auditors or Other Practitioners	Using the Work of Internal Auditors or Other Practitioners (Ref: par. .23)
.23 The agreed upon procedures to be enumerated or referred to in the practitioner's report should be performed entirely by the engagement team or other practitioners. (Ref: par. .A25-.A27)	.A25 Internal auditors or other personnel may prepare schedules and accumulate data or provide other information for the practitioner's use in performing the agreed upon procedures. Also, internal auditors may perform and report separately on procedures that they have carried out. Such procedures may be similar to those that a practitioner may perform under this section.
	.A26 A practitioner may agree to perform procedures on information documented in the working papers of internal auditors. For example, the practitioner may agree to <ul style="list-style-type: none"> • repeat all or some of the procedures.

Commented [MG8]: Using the work of other practitioners is covered by AT-C section 105. Similar to using the work of a practitioner's specialist, the requirements/guidance in proposed revised AT-C section 105 can run to AUP.

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	<ul style="list-style-type: none"> • determine whether the internal auditors' documentation indicates procedures performed and whether the findings documented are presented in a report by the internal auditors.
	<p>.A27 It is inappropriate for the practitioner to</p> <ul style="list-style-type: none"> • agree to merely read the internal auditors' report solely to describe or repeat their findings. • take responsibility for all or a portion of any procedures performed by internal auditors by reporting those findings as the practitioner's own. • report in any manner that implies shared responsibility for the procedures with the internal auditors.
<u>Appropriateness of the Procedures Performed</u>	<u>Appropriateness of the Procedures Performed (Ref: par. 15 and 21)</u>
<p>.15 Prior to the issuance of the practitioner's agreed-upon procedures report, the practitioner should obtain a written acknowledgment from the engaging party that the procedures performed are appropriate for their intended use. (Ref: par. .A16-.A19)</p>	<p>.A16 The engaging party's acknowledgment of the appropriateness of the procedures performed does not constitute the engaging party accepting responsibility for the sufficiency of the procedures.</p> <p>.A17 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>.A18 In addition to the engaging party, the practitioner may also consider it appropriate to communicate with other parties regarding the procedures performed. However, such communication is ordinarily performed by the engaging party.</p> <p>.A19 The written acknowledgment of the appropriateness of the procedures performed may be documented in the engagement letter.</p>

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	<p>an amendment to the engagement letter, in a representation letter, or some other written communication.</p>
<p>Findings</p>	<p>Findings (Ref: par. .26-.27,17-.18)</p>
<p>.24-.16 A practitioner should present the results of applying agreed-upon procedures to specific subject matter in the form of findings.</p>	
<p>.25 The practitioner's report should not express an opinion or conclusion about whether the subject matter is in accordance with (or based on) the criteria or whether the assertion is fairly stated, for example, the report should not 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, or that the assertion is not fairly stated, in all material respects."</p>	
<p>.26-.17 The practitioner should report all findings from application of the agreed-upon procedures <u>or report that there were no findings from the application of the agreed-upon procedures</u>. Any agreed-upon materiality limits should be described in the practitioner's report. (Ref: par. .A28,A20)</p>	<p>.A28-.A20: The concept of materiality does not apply to findings to be reported in an agreed-upon procedures engagement unless the definition of materiality is agreed to by the specified parties. An example of language that describes a materiality limit is "For purposes of performing these agreed-upon procedures, no exceptions were reported for differences of \$1,000 or less resulting solely from the rounding of amounts disclosed."</p>
<p><u>.18 In reporting findings, the practitioner should (Ref: par. A23)</u></p> <ul style="list-style-type: none"> <u>a. not use vague or ambiguous language. (Ref: par. A21)</u> <u>b. not include terms of uncertain meaning. (Ref: par. A22)</u> <u>c. not express an opinion or conclusion.</u> 	<p><u>.A21 Because the practitioner's agreed-upon 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.</u></p> <p><u>.A22 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.</u></p>

Commented [MG9]: Moved down – see paragraph .19c

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	<p>A29 A23 The following table provides examples of appropriate and inappropriate descriptions of findings resulting from the application of certain agreed-upon procedures.</p>		
<p>A27 The practitioner should avoid vague or ambiguous language in reporting findings. (Ref: par. A29)</p>	<p>Procedures Agreed Upon Appropriate</p>	<p>Description of Findings</p>	<p>Inappropriate Description of Findings</p>
	<p>Inspect the shipment dates for a sample (agreed-upon) of specified shipping documents and determine whether any such dates were subsequent to [date].</p>	<p>No shipment dates shown on the sample of shipping documents were subsequent to [date].</p>	<p>Nothing came to my attention as a result of applying that procedure.</p>
	<p>Recalculate the number of blocks of streets paved during the year ended [date], shown on contractors' certificates of project completion; compare the resultant number to the number in an identified chart of performance statistics as of [date].</p>	<p>The number of blocks of streets paved in the chart of performance statistics was Y blocks more than the number calculated from the contractors' certificates of project completion.</p>	<p>The number of blocks of streets paved approximated the number of blocks included in the chart of performance statistics.</p>

Commented [MG10]: Moved to preceding paragraph.

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	Recalculate the rate of return on a specified investment (according to an agreed-upon formula) and determine whether the resultant percentage agrees to the percentage in an identified schedule.	No exceptions were found as a result of applying the procedure.	The resultant percentage approximated the predetermined percentage in the identified schedule.
	Inspect the quality standards classification codes in identified performance test documents for products produced during <i>[specified period]</i> ; compare such codes to those shown in the <i>[identified]</i> computer printout for <i>[specified period]</i> as of <i>[date]</i> .	All classification codes inspected in the identified documents were the same as those shown in the computer printout, except for the following: <i>[List all exceptions.]</i>	All classification codes appeared to comply with such performance documents.
	Trace all outstanding checks appearing on a bank reconciliation as of <i>[date]</i> to checks cleared in the bank statement of	All outstanding checks appearing on the bank reconciliation were traced to the list of cleared checks in the	Nothing came to my attention as a result of applying the procedure.

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	the subsequent month.	subsequent month's bank statement, except for the following: <i>[List all exceptions.]</i>	
	Compare the amounts of the invoices included in the "over 90 days" column shown in an identified schedule of aged accounts receivable of a specific customer as of <i>[date]</i> to the amount and invoice date shown on the corresponding outstanding invoice. Determine whether the dates on the corresponding outstanding invoices precede the date indicated on the schedule by more than 90 days.	All outstanding invoice amounts agreed with the amounts shown on the schedule in the "over 90 days" column, and the dates shown on such outstanding invoices preceded the date indicated on the schedule by more than 90 days.	The outstanding invoice amounts agreed within approximation of the amounts shown on the schedule in the "over 90 days" column, and nothing came to our attention that the dates shown on such outstanding invoices preceded the date indicated on the schedule by more than 90 days.
	Obtain from XYZ Company <i>[personnel specified by management]</i> , the <i>[date]</i> bank	Obtained from XYZ Company <i>[personnel specified by management]</i> , the <i>[date]</i> bank	No exceptions were identified in the confirmations received, and nothing came to our attention

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	reconciliations. Confirm with the bank the cash on deposit as of [date]. Compare the balance confirmed by the bank to the amount shown on the bank reconciliations.	reconciliations. Obtained bank confirmations of the cash on deposit as of [date]. Compared the balance confirmed by the bank to the amount shown on the bank reconciliations. [List all exceptions.]
Written Representations	Written Representations (Ref: par. .2819)	
<p>.2819 The practitioner should request from the responsible party<u>engaging party</u> written representations in the form of a letter addressed to the practitioner. The representations should <u>do the following</u>: (Ref: par. .A30A24)</p> <p>a. include the responsible party's assertion about the subject matter based on the criteria.</p> <p>b. <u>a.</u> state that, <u>to the best of the engaging party's knowledge and belief</u>, all known matters contradicting the subject matter or assertion and any communication from regulatory agencies or others affecting the subject matter or assertion have been disclosed to the practitioner, including communications received between the end of the period addressed in the written assertion and through the date of the practitioner's report.</p> <p>c. <u>b.</u> acknowledge responsibility for</p> <p style="padding-left: 20px;">i. the subject matter and the assertion; <u>and</u></p> <p style="padding-left: 20px;">ii. selecting determining that the criteria <u>is appropriate for the engagement, when applicable</u>; and</p>	<p>.A30 .A24 Written confirmation of oral representations reduces the possibility of misunderstandings between the practitioner and the responsible engaging party. The person(s) from whom the practitioner requests written representations is ordinarily a member of senior management or those charged with governance depending on, for example, the management and governance structure of the responsible party(ies)<u>engaging party</u>, which may vary by entity, reflecting influences such as size and ownership characteristics.</p>	

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<p>iii. determining that such criteria are appropriate for the responsible party's purposes.</p> <p>c. state that it has provided the practitioner with access to all records relevant to the subject matter and the agreed-upon procedures <u>in its possession or under its control, as applicable.</u></p> <p>d. state that it is not aware of any misstatements in the subject matter except those misstatements made known to the practitioner, if applicable.</p> <p>e. state that it has disclosed to the practitioner all known events through the date of the practitioner's agreed-upon procedures report that would have a material effect on the subject matter.</p> <p>ed. state that the <u>responsible-engaging</u> party has disclosed to the practitioner other matters as the practitioner deems appropriate.</p>	
<p>.19-.20 If the <u>engaging party is not responsible for the subject matter of the engagement, the practitioner should also consider requesting the representations set forth in paragraph .19 from the party that is responsible for the subject matter of the engagement.</u> <u>When the engaging party is not the responsible party, the practitioner should request written representations from the engaging party, in addition to those requested from the responsible party, in the form of a letter addressed to the practitioner. The representations should</u></p> <p>a. acknowledge that the responsible party is responsible for the subject matter and assertion.</p> <p>b. acknowledge the engaging party's responsibility for selecting the criteria, when applicable.</p>	

Commented [MG11]: These additional reps were included in the Selected Procedures ED. It makes sense to include in the revised 215.

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<p>e. acknowledge the engaging party's responsibility for determining that such criteria are appropriate for its purposes.</p> <p>d. state that the engaging party is not aware of any material misstatements in the subject matter or assertion.</p> <p>e. state that the engaging party has disclosed to the practitioner all known events subsequent to the period (or point in time) of the subject matter being reported on that would have a material effect on the subject matter or assertion.</p> <p>f. address other matters as the practitioner deems appropriate.</p>	
<p>.30-.21 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>	
Requested Written Representations Not Provided or Not Reliable	Requested Written Representations Not Provided or Not Reliable (Ref: par. .31e22c , .32 , and .43b[iv])
<p>.31 .22 -When the engaging party is the responsible party, and one or more of the requested written representations are not provided, or the practitioner concludes that there is sufficient doubt about the competence, integrity, ethical values, or diligence of those providing the written representations, or the practitioner concludes that the written representations are otherwise not reliable, the practitioner should</p> <ol style="list-style-type: none"> discuss the matter with the appropriate party(ies)engaging party; reevaluate the integrity of those from whom the representations were requested or received and evaluate the effect, if any, on the engagement; and if any of the matters are not resolved to the practitioner's satisfaction, take appropriate action. (Ref: par. .A31.A25) 	<p>.A31 .A25 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 22c include the following:</p> <ol style="list-style-type: none"> 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 Withdrawing from the engagement. <p>Appropriate actions the practitioner might consider in the circumstances described in</p>

Commented [MG12]: ARSC had requested that these be juxtaposed as it did not want to imply that withdrawal was the first choice of action.

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	<p>paragraph e include</p> <ul style="list-style-type: none"> • withdrawing from the engagement. • determining the effect on the practitioner's report.
<p>.32 When the engaging party is not the responsible party</p> <p>a. if one or more of the requested representations in paragraph .28 are not provided in writing by the responsible party, the practitioner should make inquiries of the responsible party about, and seek oral responses to, the matters in paragraph .28. (Ref: par. .A32)</p> <p>b. if one or more of the requested representations are not provided in writing or orally from the responsible party, the practitioner should take appropriate action. (Ref: par. .A33)</p>	<p>.A32 Documentation requirements regarding the responsible party's oral responses to the practitioner's inquiries about the matters in paragraph .28 are included in paragraph .43b(iv).</p> <p>.A33 Appropriate action the practitioner might consider in the circumstances described in paragraph .32b include</p> <ul style="list-style-type: none"> • withdrawing from the engagement. • determining the effect on the practitioner's report.
<p>Preparing the Practitioner's Report</p>	<p>Preparing the Practitioner's Report (Ref: par. .29, <u>.23</u>)</p>
<p>.33 <u>.23</u> The practitioner's report should be in writing. (Ref: par. .A34, <u>A26</u>)</p>	<p>.A34, <u>A26</u> This section does not require a standardized format for reporting on all agreed-upon procedures engagements. Instead, it identifies the basic elements that the report is to include. The report is tailored to the specific engagement circumstances. The practitioner may use headings, separate paragraphs, paragraph numbers,</p>

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	typographical devices (for example, the bolding of text), and other mechanisms to enhance the clarity and readability of the report.
<p>.34-.24 The practitioner’s report should be in the form of procedures and findings.</p>	
<p>.25 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 misleading in the circumstances of the engagement, the practitioner should discuss the matter with the engaging party and take appropriate action. (Ref: par. A27)</p>	<p>.A27 Appropriate actions the practitioner might consider in the circumstances described in paragraph 26 include</p> <ul style="list-style-type: none"> a. performing revised procedures, b. rewording a procedure or a finding, or c. withdrawing from the engagement.
Content of the Practitioner’s Agreed-Upon Procedures Report	Content of the Practitioner’s Agreed-Upon Procedures Report
<p>.35-.26 -The practitioner’s agreed-upon procedures report should include the following:</p> <ul style="list-style-type: none"> a. A title that includes the word <i>independent</i>. (Ref: par. A35 A28) b. An appropriate addressee as required by the circumstances of the engagement. c. An identification of the intended purpose of the engagement including (Ref: par. A29–A30) <ul style="list-style-type: none"> i. the engaging party, 	<p>Title (Ref: par. .35a26a)</p> <p>.A35-.A28-A title indicating that the practitioner’s report is the report of an independent practitioner (for example, “Independent Practitioner’s Report,” “Report of Independent Certified Public Accountant,” or “Independent Accountant’s Report”) affirms that the practitioner has met all of the relevant ethical requirements regarding independence and, therefore, distinguishes the independent practitioner’s report from reports issued by others.</p> <p>Identification of the Intended Purpose of the Agreed-Upon Procedures Engagement (Ref: par. 26c)</p> <p>.A29 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>

Commented [MG13]: From the Selected Procedures ED. Seems appropriate given that there is no requirement for users to agree to the procedures.

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<p>ii. <u>the subject matter, (Ref: par. A31) and</u> iii. <u>the criteria used</u></p> <p>e. An identification of the subject matter or assertion and the nature of an agreed-upon procedures engagement. (Ref: par. A36)</p> <p>d. An identification of the specified parties.</p> <p><u>ed.</u> A statement that <u>the engaging party acknowledged that</u> the procedures performed were <u>appropriate for the intended purpose of the engagement</u>those agreed to by the specified parties identified in the report.</p> <p>f. A statement that identifies the responsible party and its responsibility for the subject matter or its assertion.</p> <p><u>ge.</u> <u>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</u>A statement that</p> <p>i. the sufficiency of the procedures is solely the responsibility of the parties specified in the report.</p>	<p><u>.A30</u> <u>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.</u></p> <p><i>Identification of the Subject Matter (Ref: par. .35.26c(ii))</i></p> <p>.A36 <u>.A31</u> A practitioner may be asked to apply agreed-upon procedures to more than one subject matter. In these engagements, the practitioner may issue one practitioner’s report that refers to all subject matter covered. Section 315 contains an example of language that may be used in the introductory paragraph to address such circumstances.³</p>

³ Paragraph .A32 of section 315, *Compliance Attestation*.

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<p>ii. the practitioner makes no representation regarding the sufficiency of the procedures either for the purpose for which the report has been requested or for any other purpose.</p> <p>f. A statement that the procedures performed may not address all of the <u>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</u> (Ref: par. A32)</p> <p>h.g. A list of the procedures performed (or reference thereto) and related findings. (The practitioner should not provide a conclusion. (See paragraph .25.)</p> <p>h. When applicable, a description of any <u>agreed-upon specified</u> materiality limits.</p> <p>h.j. A statement that</p> <p>i. the agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants.</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 conclusion, respectively, on the subject matter. <u>(Ref: par. A33)</u></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. (Ref: par. .A37)</p> <p>h.k. When applicable, a description of the nature of the assistance provided by a practitioner's external specialist, as discussed in paragraphs 21-22, if applicable.</p> <p>h.l. When applicable, reservations or restrictions concerning <u>Limitations on procedures or findings.</u> (Ref: par. A38, <u>A34</u>)</p>	<p><u><i>Limitations on Items of Interest and Needs of Users (Ref: par. 26f)</i></u></p> <p><u>.A32</u> The practitioner may advise potential users regarding inappropriate uses of the practitioner's agreed-upon procedures report. For example, the practitioner may advise that the report is not intended for making investment decisions or for use by potential lenders or investors.</p> <p><i>Statement When the Subject Matter Consists of Elements, Accounts, or Items of a Financial Statement (Ref: par. 35j26i(ii))</i></p> <p>A37- <u>A33</u> If the subject matter consists of elements, accounts, or items of a financial statement, the practitioner's report might, instead, state that the agreed-upon 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>Reservations or Restrictions Concerning <u>Limitations on Procedures or Findings (Ref: par. 35l, 26k)</u></p>

Commented [MG14]: It is proposed that the requirements/guidance for use of specialist be included in AT-C section 105. If so, this reference would be to the paragraphs in AT-C section 105.

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<p>m. An alert, in a separate paragraph, that restricts the use of the report. The alert should</p> <p>i. state that the practitioner's report is intended solely for the information and use of the specified parties;</p> <p>ii. identify the specified parties for whom use is intended, and</p> <p>iii. state that the report is not intended to be, and should not be, used by anyone other than the specified parties. (Ref: par. .A39 .A40)</p> <p>n. When the engagement is also performed in accordance with <i>Government Auditing Standards</i>, the alert that restricts the use of the report should include the following information, rather than the information required by paragraph 35m:</p> <p>i. A description of the purpose of the report, and</p> <p>ii. A statement that the report is not suitable for any other purpose.</p> <p>o. The manual or printed signature of the practitioner's firm.</p>	<p>.A38 .A34 The practitioner also may include explanatory paragraph(s) about matters such as Examples on limitations on procedures or finding 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 agreed-upon procedures • Description of the condition of records, controls, or data to which the procedures were applied • Explanation that the practitioner has no responsibility to update the practitioner's report • Explanation that the sample may not be representative of the population <p><i>Restricted Use (Ref: par. .35m)</i></p> <p>.A39 The purpose of the restriction on the use of the practitioner's report on applying agreed upon procedures is to restrict its use to only those parties that have agreed upon the procedures performed and taken responsibility for the sufficiency of the procedures. Paragraph .38 describes the process for adding parties who were not originally contemplated in the agreed upon procedures engagement.</p> <p>.A40 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 they are not named as a specified party.</p> <p><i>Location (Ref: par. .35p, 26m)</i></p>

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<p>pm. The city and state where the practitioner practices. (Ref: par. .A41-A350)</p> <p>q. The date of the report. (The 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. the attestation documentation has been reviewed, and ii. if applicable, the written presentation of the subject matter has been prepared, and — iii. the responsible party has provided a written assertion, unless the responsible party refuses to provide an assertion.) 	<p>.A41-A35 —In the United States, the location of the issuing office is the city and state. In another country, it may be the city and country. <u>The city and state where the practitioner practices may be indicated on letterhead that contains the issuing office’s location.</u></p>
<p><u>Responsible Party Refuses to Provide a Written Assertion</u></p>	<p><u>Responsible Party Refuses to Provide a Written Assertion (Ref: par. .36)</u></p>
<p>.36 When the responsible party refuses to provide the practitioner with a written assertion, the practitioner should disclose in the practitioner’s report the responsible party’s refusal to provide a written assertion. (Ref: par. .A42 – .A43)</p>	<p>.A42 The disclosure in the practitioner’s report required by paragraph .36 applies regardless of whether the engaging party is the responsible party.</p> <p>.A43 The following is an example of the disclosure required by paragraph .36:</p> <p>Attestation standards established by the American Institute of Certified Public Accountants require that we request a written statement from [identify the responsible party] stating that [identify the subject matter] to which we applied procedures has been accurately measured or evaluated. We requested that [identify the responsible party] provide such a statement but [identify the responsible party] refused to do so.</p>
<p><u>Alert That Restricts the Use of the Practitioner’s Agreed-Upon Procedures Report</u></p>	<p><u>Alert That Restricts the Use of the Practitioner’s Agreed-Upon Procedures Report (Ref: par. .27-.28)</u></p>

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<p><u>.27 In the following circumstances, the practitioner's agreed-upon procedures report should include an alert, in a separate paragraph, that restricts the use of the report: (Ref: par. A36-A38)</u></p> <p><u>a. The engaging party or other party prescribes the procedures for the practitioner to perform without the practitioner's ability to perform or design additional procedures;</u></p> <p><u>b. 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; or</u></p> <p><u>b. The criteria used to evaluate the subject matter are available only to the specified parties.</u></p>	<p><u>.A36 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.</u></p> <p><u>.A37 A practitioner's report that is required by paragraph 28 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.</u></p> <p><u>.A38 A practitioner may also issue a single combined practitioner's report that includes (a) a practitioner's report that is required by paragraph 28 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 28 to include such an alert. In such circumstances, the use of the general-use report is not affected.</u></p>

.28 The alert should do the following:

- a. State that the practitioner's report is intended solely for the information and use of the specified parties
- b. Identify the specified parties for whom use is intended (Ref: par. A39)
- ~~c. State that the report is not intended to be, and should not be, used by anyone other than the specified parties (Ref: par. A40–A42)~~

.A39 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.

.A40 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.

.A41 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.

.A42 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

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<p>.29 When the engagement is also performed in accordance with <i>Government Auditing Standards</i>, the alert language required by paragraph 28 should not be used. Instead, the alert required by paragraph 28 should</p> <p><i>a. describe the purpose of the report and</i> <i>b. state that the report is not suitable for any other purpose.</i></p>	<p>require access to a restricted-use report in which it is not named as a specified party.</p>
<p>Restrictions on the Performance of Procedures</p> <p>.37-.30 -When circumstances impose restrictions on the performance of the agreed-upon procedures, the practitioner should attempt to obtain agreement from the specified parties for modification of the agreed-upon procedures. When such agreement cannot be obtained (for example, when the agreed-upon procedures are published by a regulatory agency that will not modify the procedures), the practitioner should describe any restrictions on the performance of procedures in the practitioner’s report or withdraw from the engagement.</p>	
<p>Adding Specified Parties (Nonparticipant Parties)</p>	<p>Adding Specified Parties (Nonparticipant Parties) (Ref: par. .33-.34)</p>
<p>.38 If the practitioner agrees to add a nonparticipant party, the practitioner should obtain affirmative acknowledgment, normally in writing, from the nonparticipant party agreeing to the procedures performed and of its taking responsibility for the sufficiency of the procedures. (Ref: par. .A44)</p>	<p>.A44 Subsequent to the completion of the agreed-upon procedures engagement, a practitioner may be requested by the engaging party to consider the addition of another party as a specified party (a nonparticipant party). The practitioner may agree to add a nonparticipant party as a specified party, based on consideration of such factors as the identity of the nonparticipant party and the intended use of the practitioner’s report. If the nonparticipant party is added after the practitioner has issued the report, the report may be reissued, or the practitioner may provide other written acknowledgment that the nonparticipant party has been added as a specified party.</p>

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.39 If the practitioner's report is reissued to acknowledge the nonparticipant party, the date of the report should not be changed. (Ref: par. .A44)	
.40 If the practitioner provides written acknowledgment that the nonparticipant party has been added as a specified party, such written acknowledgment ordinarily should state that no procedures have been performed subsequent to the date of the practitioner's report.	
Knowledge of Matters Outside Agreed-Upon Procedures	Knowledge of Matters Outside Agreed-Upon Procedures (Ref: par. .41 <u>.31</u>)
.41 <u>.31</u> -Although the practitioner need not perform procedures beyond the agreed-upon procedures, if in connection with the application, and through the completion of, the agreed-upon procedures engagement, matters come to the practitioner's attention by other means that significantly contradict the subject matter or assertion referred to in the practitioner's report, the practitioner should <u>discuss the matter with the engaging party and determine whether include this matter in</u> the practitioner's report <u>should be revised to disclose the matter</u> . (Ref: par. .A43 <u>.A45</u>)	.A45 <u>.A43</u> For example, if, during the course of applying agreed-upon procedures regarding an entity's internal control, the practitioner becomes aware of a material weakness by means other than performance of the agreed-upon procedures, this matter would be included in the practitioner's report.
	.A46 <u>.A44</u> When the practitioner applies agreed-upon procedures to an element, account, or item of a financial statement and has performed (or has been engaged to perform) an audit <u>or review</u> of the entity's related financial statements, and the <u>practitioner's auditor's audit or review</u> report on such financial statements includes a departure from the standard report, the practitioner may include a reference to the <u>auditor's audit or review</u> report and the departure from the standard report in the practitioner's agreed-upon procedures report.
	.A45 <u>The practitioner is not required to perform any procedures after the date of the practitioner's agreed-upon procedures report.</u>
Communication Responsibilities	

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<p>.42-.32 -The practitioner should communicate to the responsible party known and suspected fraud and noncompliance with laws or regulations. When the engaging party is not the responsible party, the practitioner should also communicate this information to the engaging party.</p>	
<p>Consideration of Subsequent Events</p> <p>.33 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. A46)</p>	<p>Consideration of Subsequent Events (Ref: par. 33)</p> <p>.A46 As noted in paragraph 34, 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>.43-.34 The practitioner should prepare engagement documentation <u>on a timely basis</u> that is sufficient to determine <u>the following</u>: (Ref: par. A47-.A48)</p> <p>a. — the specified parties’ agreement on the procedures.</p> <p>ba. the nature, timing, and extent of the procedures performed to comply with relevant AT-C sections 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. when the engaging party is the responsible party and the responsible party will not provide one or more of the requested written representations or the practitioner concludes that there is sufficient doubt about the competence, integrity, ethical values, or diligence of those providing the written representations, or that the written representations are otherwise not reliable, the matters in paragraph .31a220a-c; 	<p>Documentation (Ref: par. .43,35)</p> <p>.A47—Documentation prepared at the time work is performed or shortly thereafter of likely to be more accurate than documentation prepared at a much later time.</p> <p>.A47-.A48 The practitioner need not include in the engagement file superseded drafts of working papers, notes that reflect incomplete or preliminary thinking, previous copies of documents corrected for typographical or other errors, and duplicates of documents.</p>

Commented [MG15]: Included in Selected Procedures ED.

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<p>iv. when the engaging party is not the responsible party and the responsible party will not provide the written representations regarding the matters in paragraph .28, the oral responses from the responsible party to the practitioner's inquiries regarding the matters in paragraph .28, in accordance with paragraph .32; and (Ref: par. .A32)</p> <p>iv. who reviewed the engagement work performed and the date and extent of such review.</p> <p>eb. the results of the procedures performed and the evidence obtained.</p>	
<p>.35 The engagement documentation should include the written acknowledgement from the engaging party regarding the appropriateness of the procedures performed for their intended purpose, as required by paragraph 15.</p>	
	<p>Exhibit—Illustrative Practitioner’s Agreed-Upon Procedures Reports</p> <p>The illustrative practitioner’s agreed-upon procedures reports in this exhibit meet the applicable reporting requirements in paragraphs .3323-.4129. A practitioner may use alternative language in drafting an agreed-upon procedures report, provided that the language meets the applicable requirements in paragraphs 3323-4129. Example 1 is an illustrative agreed-upon procedures report related to a Statement of Investment Performance Statistics. Examples 2–3 provide illustrations of reports in which the practitioner has applied agreed-upon procedures to elements, accounts, or items of a financial statement.</p>
	<p>Example 1: Practitioner’s Agreed-Upon Procedures Report Related to a Statement of Investment Performance Statistics; the Practitioner has the Ability to Perform or Design Additional Procedures</p>

Commented [MG16]: The first illustrative report from extant AT-C section 215 is redline to show how the revised AUP report may look. The other illustrations were not updated so, they are not provided.

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	<p>Independent Accountant’s Report on Applying Agreed-Upon Procedures</p> <p><i>[Appropriate Addressee]</i></p> <p>We were engaged by management of XYZ Fund to apply procedures to the accompanying Statement of Investment Performance Statistics of XYZ Fund for the year ended December 31, 20X1 to [identify the intended purpose of the engagement including the criteria used]. Management XYZ Fund acknowledged that have performed the procedures enumerated below, which were agreed to by [identify the specified party(ies), for example, the audit committees and managements of ABC Inc. and XYZ Fund], on [identify the subject matter, for example, the accompanying Statement of Investment Performance Statistics of XYZ Fund for the year ended December 31, 20X1] are appropriate to [identify the intended purpose of the engagement]. Neither we nor management of XYZ Fund take responsibility for the XYZ Fund’s management is responsible for [identify the subject matter, for example, the Statement of Investment Performance Statistics for the year ended December 31, 20X1]. The sufficiency of these procedures either for [identify the intended purpose of the engagement] is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose. <u>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.</u></p> <p><i>[Include paragraphs to enumerate procedures and findings.]</i></p>

Introduction, Objectives, Definitions and Requirements	Application and Other Explanatory Material
	<p>This agreed-upon 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, the objective of which would be the expression of an opinion or conclusion, respectively, on identify the subject matter, for example, the accompanying Statement of Investment Performance Statistics of XYZ Fund for the year ended December 31, 20X1 on the accompanying <u>Statement of Investment Performance Statistics of XYZ Fund for the year ended December 31, 20X1</u>. 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><i>[Additional paragraph(s) may be added to describe other matters.]</i></p> <p>This report is intended solely for the information and use of identify the specified party(ies), for example, the audit committees and managements of ABC Inc. and XYZ Fund, and is not intended to be, and should not be, used by anyone other than the specified parties.</p> <p><i>[Practitioner's signature]</i> <i>[Practitioner's city and state]</i> <i>[Date of practitioner's report]</i></p>