



Agenda Item 1F

Draft of Proposed AT-C-215, *Agreed-Upon Procedures Engagements* (Clean)

| Introduction, Objectives, Definitions and Requirements | Application and Other Explanatory Material |
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| 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. The subject matter may be financial or non-financial information. The procedures may be developed by the practitioner, the engaging party, another party, or a combination of these parties. The needs of engaging parties vary widely and the nature, timing, and extent of the agreed-upon procedures are therefore engagement specific and tailored to meet the engaging party’s needs. 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 in accordance with this section, the practitioner does not perform an examination or a limited assurance</p> | |

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| engagement and does not provide an opinion or conclusion. Instead, the report on agreed-upon procedures is in the form of procedures and findings. | |
| .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 nonattest service. A practitioner's report on applying agreed-upon procedures to subject matter may be combined with a report on such other services, provided the types of services can be clearly distinguished, and the applicable standards for each service are followed. | |
| .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} <small>fn 1 See AU-C section 920, <i>Letters for Underwriters and Certain Other Requesting Parties</i> (AICPA, <i>Professional Standards</i>).</small> | |
| Effective Date | |
| .05 This section is effective for agreed-upon procedures reports dated on or after Month DD, YYYY. | |
| Objectives | Objectives (Ref: par. .6a) |
| .06 In conducting an agreed-upon procedures engagement, the objectives of the practitioner are to <ul style="list-style-type: none"> a. apply specific procedures to subject matter ; b. issue a written practitioner's report that describes the procedures applied and the practitioner's findings without providing an opinion or conclusion on the subject matter; and c. communicate further as required by relevant AT-C sections. | |
| Requirements | |

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| <p>Conduct of an Agreed-Upon Procedures Engagement</p> <p>.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. .A1)</p> | <p>Conduct of an Agreed-Upon Procedures Engagement (Ref: par. .07-.08)</p> <p>.A1 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>Independence</p> <p>.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. (Ref: par. A2)</p> <p><small>^{fn 2} Paragraph .10 of section 105, <i>Concepts Common to All Attestation Engagements</i>.</small></p> | <p>.A2 The “Agreed- Upon Procedures Engagements Performed in Accordance With SSAEs” interpretation (AICPA, <i>Professional Standards</i>, ET sec. 1.297.020,) establishes independence requirements unique to agreed-upon procedures engagements.</p> |
| <p>Agreeing on the Terms of the Engagement</p> <p>.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. A3)</p> | <p>Agreeing on the Terms of the Engagement (Ref: par. .09-.10 and .17)</p> <p>.A3 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> |

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| <p>.10 The agreed-upon terms of the engagement should include the following:</p> <ul style="list-style-type: none"> <i>a.</i> The nature of the engagement <i>b.</i> The responsibilities of the practitioner (Ref: par..A4 - .A6) <i>c.</i> A statement that the engagement will be conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants <i>d.</i> The responsible party is responsible for the subject matter in accordance with (or based on) the criteria; and (Ref: par. .A7-.A10) | <p>.A4 The practitioner’s responsibilities may include recommending or assisting in developing the procedures to be performed.</p> <p>.A5 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>.A6 If the procedures are prescribed or otherwise developed by parties other than the practitioner, the practitioner has no responsibility to determine the differences between the agreed upon procedures and the procedures that the practitioner would have determined to be necessary had the practitioner had the ability to perform additional or alternative procedures. The procedures that the practitioner performs pursuant to an agreed-upon procedures engagement may be more or less extensive than the procedures that the practitioner would determine to be necessary had he or she been engaged to perform another form of engagement.</p> <p>.A7 A practitioner may also be engaged, as a separate service, to assist the responsible party in measuring or evaluating the subject matter against the criteria.</p> |

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| <p>e. A statement that the procedures that will be performed will not constitute an examination or a limited assurance attestation engagement (or an audit or review of financial statements, if applicable) and accordingly, the practitioner will not express an opinion or a conclusion</p> <p>f. Identification of the following:</p> <p>i. The intended purpose of the engagement as determined by the engaging party; (Ref: par. A11)</p> | <p>.A8. Regardless of the procedures performed by the practitioner when assisting the responsible party in measuring or evaluating the subject matter, the responsible party is required to accept responsibility for the subject matter in accordance with (or based on) the criteria.</p> <p>.A9 There may be circumstances in which the party(ies) responsible for the subject matter are not a party to the engagement. For example, the practitioner may be engaged to perform procedures with respect to a benchmarking certain information in which multiple entities may be responsible for certain aspects of the information, or the information may be publicly available, such as subject matter that appears on the Internet or in a public building such as a grocery or retail store. If the practitioner is engaged to benchmark the prices of 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>.A10 The engaging party may request that the practitioner recommend or assist in the development of criteria for the engagement. The engaging party is deemed to have identified the criteria if they agree to the criteria that the practitioner recommended or assisted in the development of.</p> <p>.A11 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 related to law, regulation, or contract 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</p> |

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| <p>iii. If applicable, the law, regulation, or contract pursuant to which the engagement is to be performed.</p> <p>g. An acknowledgment that the appropriate party(ies) agree to provide the practitioner with the following:</p> <p>i. Prior to the completion of the engagement, a written acknowledgment regarding the appropriateness of the procedures for the intended purpose of the engagement (Ref. par. A12-A13).</p> <p>ii. At the conclusion of the engagement, a representation letter.</p> | <p>assist users of this report in assessing whether [the subject matter] is [performed, presented] in accordance with [the criteria to be used].</p> <p>.A12 The practitioner is not required to communicate with expected users as to whether the procedures are appropriate for their purposes. However, the practitioner may advise the engaging party that it expects that the engaging party will communicate with expected users of the practitioner’s agreed-upon procedures report to ascertain whether the procedures are appropriate for the users’ purposes.</p> <p>.A13 If the procedures are prescribed or otherwise developed by parties other than the practitioner, the agreed-upon terms of the engagement may include the procedures to be performed.</p> |
| Procedures to Be Performed | Procedures to Be Performed (Ref: par. .11-.12 -.) |
| <p>.11 The practitioner should perform procedures designed to meet the intended purpose of the engagement as determined by the engaging party and included in the agreed-upon terms of the engagement (Ref: par.A14-.A19)</p> | <p>.A14 The procedures to be performed may be developed by the practitioner, the engaging party, another party, or a combination of these parties. Further, the procedures may be prescribed by law, regulation, or contract.</p> <p>.A15 Mere reading of specified information about the subject matter does not constitute a procedure sufficient to permit a practitioner to report on the results of applying agreed-upon procedures.</p> |
| | <p>.A16 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 |

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| | <ul style="list-style-type: none"> · 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>.A17 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>.A18 If the practitioner is selecting a sample, stating the size of the sample and how the selection was made 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>.A19 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>.12 The practitioner should use professional judgment determining whether the descriptions of the 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 unless such terms are defined within the agreed-upon procedures. (Ref: par. A20)</p> | <p>.A20 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 · Agree |

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| | <ul style="list-style-type: none"> · 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 |
| <p>.13 The practitioner should obtain evidence from applying the procedures to provide a reasonable basis for the finding or findings expressed in the practitioner’s report but need not perform additional procedures outside the scope of the engagement to gather additional evidence.</p> | |
| <p>Using the Work of a Practitioner’s External Specialist</p> | <p>Using the Work of a Practitioner’s External Specialist (Ref: par. .14)</p> |
| <p>.14 The practitioner and the engaging party should explicitly agree to the involvement of a practitioner’s external specialist if assisting a practitioner in</p> | <p>.A21 The practitioner’s education and experience enable the practitioner to be knowledgeable about business matters in general,</p> |

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| <p>the performance of an agreed-upon procedures engagement. (Ref: par. .A21-.A23)</p> | <p>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 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 procedures are applied |
| | <p>.A22 The agreement regarding the involvement of a practitioner’s external specialist may be reached when agreeing upon the terms of the engagement or as part of obtaining the engaging parties acknowledgment that the procedures performed are appropriate for the intended purpose of the engagement.</p> |
| | <p>.A23 A practitioner may apply procedures to the report or work product of a practitioner’s external specialist that does not constitute assistance by the external specialist to the practitioner in an agreed-upon procedures engagement. For example, the practitioner may 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 merely read the external</p> |

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| | 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. |
| .15 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. 16) |
| .16 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. .A24-.A26) | .A24 Internal auditors or other personnel may prepare schedules and accumulate data or provide other information for the practitioner's use in performing the procedures. Also, internal auditors may perform and report separately on procedures that they have carried out. Such procedures may be similar to those that a practitioner may perform under this section. |
| | .A25 A practitioner may perform procedures on information documented in the working papers of internal auditors. For example, the practitioner may <ul style="list-style-type: none"> · repeat all or some of the procedures. · determine whether the internal auditors' documentation indicates procedures performed and whether the findings documented are presented in a report by the internal auditors. |
| | .A26 It is inappropriate for the practitioner to <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 shared responsibility for the procedures with the internal auditors. |

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| Appropriateness of the Procedures Performed | Appropriateness of the Procedures Performed (Ref: par. .17 and .22) |
| <p>.17 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 the intended purpose of the engagement. (Ref: par. .A27–.A29)</p> <p>.18 If the engaging party refuses to provide the written acknowledgement required by paragraph .17, the practitioner should withdraw from the engagement.</p> | <p>.A27 The practitioner’s communication with the engaging party enables the engaging party, if not already aware, to be made aware of the specific procedures performed and affords the engaging party an opportunity to suggest alternative or additional procedures that the engaging party may feel are appropriate in order to meet the purpose of the engagement.</p> <p>.A28 The written acknowledgment of the appropriateness of the procedures performed may be documented in the engagement letter, an addendum to the engagement letter, a representation letter, or some other written communication.</p> <p>.A29 In addition to obtaining the required acknowledgment regarding the appropriateness of the procedures from the engaging party, the practitioner may also want other parties to acknowledge that the procedures performed are appropriate for their purposes. For example, the practitioner may decide to restrict the use of the practitioner’s report to certain specified users and wants acknowledgement from those specified parties that the procedures performed are appropriate for their purposes. Additionally, if the engagement is related to a contract or regulation, the practitioner may want to confirm with the other parties to the contract or with the regulator that the procedures are appropriate for their purposes. Nothing precludes the practitioner and engaging party from agreeing to the type of communication or acknowledgment to be used and who would make the communication. However, if the practitioner intends to communicate directly with a party other than the engaging party, the rules regarding confidential information as set forth in the AICPA Code of Professional Conduct may apply.</p> |
| Findings | Findings (Ref: par..20-.21) |

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| <p>.19 A practitioner should present the results of applying agreed-upon procedures to specific subject matter in the form of findings.</p> | | | |
| <p>.20 The practitioner should report all findings from application of the agreed-upon procedures. Any specified materiality limits should be described in the practitioner’s report. (Ref: par. .A30)</p> | <p>.A30 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>.21 In reporting findings, the practitioner should (Ref: par. A34)</p> <ul style="list-style-type: none"> a. not use vague or ambiguous language. (Ref: par. A31) b. not include terms of uncertain meaning. (Ref: par. A32) c. not express an opinion or conclusion about whether the subject matter is in accordance with (or based on) the criteria. (Ref: par. A33) | <p>.A31 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>.A32 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>.A33 An example of language that should be used in reporting findings is “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>.A34 The following table provides examples of appropriate and inappropriate descriptions of findings resulting from the application of certain agreed-upon procedures.</p> | | |
| | Procedures Agreed Upon Appropriate | Description of Findings | Inappropriate Description of Findings |
| | Inspect the shipment dates for a sample (agreed-upon) of specified shipping documents and determine whether | No shipment dates shown on the sample of shipping documents were subsequent to [date]. | Nothing came to my attention as a result of applying that procedure. |

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| | any such dates were subsequent to [date]. | | |
| | Recalculate the number of blocks of streets paved during the year ended [date], shown on contractors' certificates of project completion; compare the resultant number to the number in an identified chart of performance statistics as of [date]. | The number of blocks of streets paved in the chart of performance statistics was Y blocks more than the number calculated from the contractors' certificates of project completion. | The number of blocks of streets paved approximated the number of blocks included in the chart of performance statistics. |
| | Recalculate the rate of return on a specified investment (according to an agreed-upon formula) and determine whether the resultant percentage agrees to the percentage in an identified schedule. | No exceptions were found as a result of applying the procedure. | The resultant percentage approximated the predetermined percentage in the identified schedule. |
| | Inspect the quality standards classification codes in identified performance test | All classification codes inspected in the identified documents were the same as those shown | All classification codes appeared to comply with such performance documents. |

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| | 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> . | in the computer printout, except for the following: <i>[List all exceptions.]</i> | |
| | Trace all outstanding checks appearing on a bank reconciliation as of <i>[date]</i> to checks cleared in the bank statement of the subsequent month. | All outstanding checks appearing on the bank reconciliation were traced to the list of cleared checks in the subsequent month's bank statement, except for the following: <i>[List all exceptions.]</i> | Nothing came to my attention as a result of applying the procedure. |
| | 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 | 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 | 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 |

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| | <p>date shown on the corresponding outstanding invoice. Determine whether the dates on the corresponding outstanding invoices precede the date indicated on the schedule by more than 90 days.</p> | <p>schedule by more than 90 days.</p> | <p>preceded the date indicated on the schedule by more than 90 days.</p> |
| | <p>Obtain from XYZ Company [<i>personnel specified by management</i>], the [<i>date</i>] bank reconciliations. Confirm with the bank the cash on deposit as of [<i>date</i>]. Compare the balance confirmed by the bank to the amount shown on the bank reconciliations.</p> | <p>Obtained from XYZ Company [<i>personnel specified by management</i>], the [<i>date</i>] bank reconciliations. Obtained bank confirmations of the cash on deposit as of [<i>date</i>]. Compared the balance confirmed by the bank to the amount shown on the bank reconciliations. [<i>List all exceptions.</i>]</p> | <p>No exceptions were identified in the confirmations received, and nothing came to our attention as a result of applying the procedures.</p> |
| Written Representations | Written Representations (Ref: par. .22) | | |
| <p>.22 The practitioner should request from the appropriate party(ies) written representations in the form of a letter addressed to the practitioner. The representations should (Ref: par. ..A28 and A35)</p> | <p>.A35 Written confirmation of oral representations reduces the possibility of misunderstandings between the practitioner and the 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</p> | | |

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| <p><i>a.</i> if not obtained as part of the agreed-upon terms of the engagement as required by paragraph .10d, state that the responsible party is responsible for the subject matter in accordance with (or based on)_the criteria;</p> <p><i>b.</i> state that the appropriate party(ies) has provided the practitioner with all relevant information and access, as applicable, as agreed upon in the terms of the engagement</p> <p><i>c.</i> any additional representations that the practitioner determines are appropriate.</p> | <p>management and governance structure of the engaging party, which may vary by entity, reflecting influences such as size and ownership characteristics.</p> |
| <p>.23 When the engaging party is not the responsible party, the practitioner should request written representations from both the responsible party and the engaging party, as applicable. (Ref: par. A36)</p> | <p>.A36 When the engaging party is not the responsible party, examples of written representations the practitioner may request from the engaging party, are representations that</p> <p><i>a.</i> acknowledge that the responsible party is responsible for the subject matter and, if applicable, assertion.</p> <p><i>b.</i> state that the engaging party is not aware of any material misstatements in the subject matter or assertion.</p> <p><i>c.</i> 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><i>d.</i> address other matters as the practitioner deems appropriate.</p> |
| <p>.24 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> | |

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| <p>Requested Written Representations Not Provided or Not Reliable</p> <p>.25 When 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 (Ref: par. A37-A38)</p> <ol style="list-style-type: none"> a. discuss the matter with the appropriate party(ies); b. reevaluate the integrity of those from whom the representations were requested or received and evaluate the effect that this may have on the reliability of representations and evidence in general; and c. if any of the matters are not resolved to the practitioner’s satisfaction, take appropriate action, including determining the possible effect on the practitioner’s agreed-upon procedures report. (Ref: par. .A39) | <p>Requested Written Representations Not Provided or Not Reliable (Ref: par. .25c)</p> <p>.A37 Circumstances in which the practitioner may not be unable to obtain requested written representations include, for example, when</p> <ul style="list-style-type: none"> • the engaging party does not have a relationship with the responsible party • the agreed-upon procedures engagement is undertaken against the wishes of the responsible party, for example when required by law or regulation. <p>In these or similar circumstances, the practitioner may need to reconsider whether the responsible party is able to take responsibility for the subject matter.</p> <p>.A38 In some circumstances, when one or more of the requested written representations are not provided, the practitioner may determine, after performing the procedures in paragraph 25a-b, that an oral representation may provide a portion of the evidence needed with respect to the matter addressed by the representation, for example when the engaging party is not the responsible party.</p> <p>.A39 Although it is expected that the practitioner will be able to obtain all the requested written representations from the engaging party, appropriate actions the practitioner might consider in the circumstances described in paragraph 25c include the following:</p> <ol 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 |

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| | <p>engaging party did not provide one or more of the requested written representations</p> <p><i>b.</i> Withdrawing from the engagement.</p> |
| Preparing the Practitioner’s Report | Preparing the Practitioner’s Report (Ref: par..26 and .28) |
| .26 The practitioner’s report should be in writing. (Ref: par. .A40) | .A40 This section does not require a standardized format for reporting on all agreed-upon procedures engagements. Instead, it identifies the basic elements that the report is to include. The report is tailored to the specific engagement circumstances. The practitioner may use headings, separate paragraphs, paragraph numbers, typographical devices (for example, the bolding of text), and other mechanisms to enhance the clarity and readability of the report. |
| .27 The practitioner’s report should be in the form of procedures and findings. | |
| .28 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. A41) | .A41 Appropriate actions the practitioner might consider in the circumstances described in paragraph 28 include <ul style="list-style-type: none"> <i>a.</i> performing revised procedures, <i>b.</i> rewording a procedure or a finding, or <i>c.</i> withdrawing from the engagement. |
| Content of the Practitioner’s Agreed-Upon Procedures Report | Content of the Practitioner’s Agreed-Upon Procedures Report |
| .29 The practitioner’s agreed-upon procedures report should include the following: <ul style="list-style-type: none"> <i>a.</i> A title that clearly indicates that the report is an agreed-upon procedures report and that includes the word <i>independent</i>. (Ref: par. .A42) <i>b.</i> An appropriate addressee as required by the circumstances of the engagement. | Title (Ref: par. .29a) <p>.A42 A title indicating that the practitioner’s report is an agreed-upon procedures report and is of an independent practitioner (for example, “Independent Practitioner’s Agreed-Upon Procedures Report,” “Agreed-Upon Procedures Report of Independent Certified Public Accountant,” or “Independent Accountant’s Agreed-Upon Procedures Report”) makes clear that the report is not an examination or a limited assurance attestation report and affirms that the practitioner has met all of the relevant ethical requirements regarding</p> |

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| <p>c. Identification of</p> <ul style="list-style-type: none"> i. the subject matter to which the procedures have been applied; (Ref: par. A43); ii. the engaging party, and iii. the intended purpose of the engagement in sufficient detail to enable the reader to understand the nature of the work performed. (Ref: par. A44) <p>d. A statement that the agreed-upon procedures report may not be suitable for any other purpose. (Ref: par. A45)</p> | <p>independence and, therefore, distinguishes the independent practitioner's report from reports issued by others.</p> <p><i>Identification of the Subject Matter to Which the Procedures Have Been Applied (Ref: par. ..29c(i))</i></p> <p>.A43 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. AT-C section 315 contains an example of language that may be used in the introductory paragraph to address such circumstances.¹</p> <p><i>Description of the Intended Purpose of the Agreed-Upon Procedures Engagement (Ref: par. 29c(iii))</i></p> <p>.A44 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><i>Limitations on Items of Interest and Needs of Users (Ref: par. 29d)</i></p> <p>.A45 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</p> |

¹ Paragraph .A32 of section 315, *Compliance Attestation*.

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| <p>e. A description of the agreed-upon procedures engagement stating that:</p> <ol style="list-style-type: none"> 1. An agreed-upon procedures engagement involves the practitioner performing the procedures that the engaging party has acknowledged to be appropriate for the purpose of the engagement, and reporting on findings based on the procedures performed; and 2. The engaging party has acknowledged that the procedures performed were appropriate for the intended purpose of the engagement. (Ref: par. A46-A47) <p>f. A list of the procedures performed (or reference thereto) detailing the nature and extent of each procedure</p> <p>g. A description of the findings from each procedure performed, including sufficient details on exceptions found.</p> <p>h. When applicable, a description of any specified materiality limits.</p> <p>i. A statement that</p> <ol style="list-style-type: none"> i. the agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. ii. the practitioner was not engaged to and did not conduct an examination or limited assurance attestation engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the subject matter. (Ref: par. A48) 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>intended for making investment decisions or for use by potential lenders or investors.</p> <p><i>Acknowledgment of the Appropriateness of the Procedures (Ref: par. .29e)</i></p> <p>.A46 If applicable, the practitioner may disclose that parties in addition to the engaging party have acknowledged that the procedures performed were appropriate for their intended purposes.</p> <p>.A47 The practitioner is neither required to make nor is precluded from making an explicit statement that the practitioner makes no representation regarding the appropriateness of the procedures either for the purpose for which the practitioner's report has been requested or for any other purpose. However, unless the practitioner takes responsibility for the appropriateness of the procedures performed, it is not appropriate to imply that the practitioner takes such responsibility, as doing so may be misleading to potential users of the practitioner's agreed-upon procedures report.</p> <p><i>Statement When the Subject Matter Consists of Elements, Accounts, or Items of a Financial Statement (Ref: par. 29i(ii))</i></p> <p>.A48 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</p> |

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| <p><i>j.</i> A statement that the practitioner is independent and has fulfilled the practitioner’s other ethical responsibilities in accordance with relevant ethical requirements relating to the agreed-upon procedures engagement. (Ref: par. A49-A50)</p> <p><i>k.</i> A description of the nature of the assistance provided by a practitioner’s external specialist, as discussed in paragraphs .14-.15, if applicable.</p> <p><i>l.</i> When applicable, limitations on procedures or findings. (Ref: par..A51)</p> | <p>which is the expression of an opinion (or conclusion) on the financial statements or a part thereof.</p> <p><i>Relevant ethical requirements (Ref: par. 29j)</i></p> <p>.A49 Relevant ethical requirements consist of the AICPA Code of Professional Conduct together with rules of state boards of accountancy and applicable regulatory agencies that are more restrictive. When the AICPA Code of Professional Conduct applies, the practitioner’s other ethical responsibilities relate to the principles of professional conduct (AICPA, <i>Professional Standards</i>, ET sec. 0.300, <i>Principles of Professional Conduct</i>).</p> <p>.A50 Relevant ethical requirements may exist in several different sources, such as ethical codes and additional rules and requirements within law and regulation. When independence and other relevant ethical requirements are contained in a limited number of sources, the practitioner may choose to name the relevant sources (for example, the name of the code, rule or applicable regulation, or <i>Government Auditing Standards</i> promulgated by the Comptroller General of the United States) or may refer to a term that appropriately describes those sources.</p> <p><i>Limitations on Procedures or Findings (Ref: par..29l)</i></p> <p>.A51 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 |

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| <p><i>m.</i> The manual or printed signature of the practitioner’s firm.</p> <p><i>n.</i> The city and state where the practitioner practices. (Ref: par. .A52)</p> <p><i>o.</i> 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> <ol 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. | <ul style="list-style-type: none"> • Explanation that the sample may not be representative of the population <p><i>Location (Ref: par..29n)</i></p> <p>.A52 In the United States, the location of the issuing office is the city and state. In another country, it may be the city and country. The city and state where the practitioner practices may be indicated on letterhead that contains the issuing office’s location.</p> |
| <p>Alert That Restricts the Use of the Practitioner’s Agreed-Upon Procedures Report</p> | <p>Alert That Restricts the Use of the Practitioner’s Agreed-Upon Procedures Report (Ref: par. .30-.31)</p> |
| <p>.30 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. A53–A55)</p> <ol style="list-style-type: none"> <i>a.</i> The engaging party or other party prescribes the procedures for the practitioner to perform and precludes the practitioner from performing or designing additional procedures; <i>b.</i> 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 <i>c.</i> The criteria used to evaluate the subject matter are available only to the specified parties. | <p>.A53 A practitioner's report for which the conditions in paragraph 30 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> <p>.A54 A practitioner's report that is required by paragraph 30 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>.A55 A practitioner may also issue a single combined practitioner's report that includes (<i>a</i>) a practitioner's report that is required by paragraph 30 to include an alert that restricts its use and (<i>b</i>) 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 30 to include such an</p> |

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| | alert. In such circumstances, the use of the general-use report is not affected. |

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| <p>.31 The alert should do the following:</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 partiesb. Identify the specified parties for whom use is intended (Ref: par. A56)c. State that the report is not intended to be, and should not be, used by anyone other than the specified parties (Ref: par. A57–A59) | <p>.A56 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>.A57 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 is required to alert 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> <p>.A58 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 (and possibly with the specified parties) 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 cannot control, and is not responsible for controlling, distribution of the report after its release.</p> |
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| | <p>.A59 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>.32 When the engagement is also performed in accordance with <i>Government Auditing Standards</i>, the alert required by paragraph .31 should not be used.</p> | |
| <p>Restrictions on the Performance of Procedures</p> | |
| <p>.33 When circumstances impose restrictions on the performance of the agreed-upon procedures, , the practitioner should describe any restrictions on the performance of procedures in the practitioner’s report or withdraw from the engagement.</p> | |
| <p>Knowledge of Matters Outside Agreed-Upon Procedures</p> | <p>Knowledge of Matters Outside Agreed-Upon Procedures (Ref: par. .34)</p> |
| <p>.34 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 referred to in the practitioner’s report, the practitioner should discuss the matter with the engaging party and determine whether the practitioner’s report should be revised to disclose the matter. (Ref: par..A60-.A61)</p> | <p>.A60 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.</p> |
| | <p>.A61 When the practitioner applies agreed-upon procedures to an element, account, or item of a financial statement and has performed an audit or review of the entity’s related financial statements, and the practitioner’s audit or review report on such financial statements includes a departure from the standard report, the practitioner may include a reference to the audit or review report and the departure from the standard report in the practitioner’s agreed-upon procedures report.</p> |

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| <p>Communication Responsibilities</p> <p>.35 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>.36 The practitioner should consider the effect on the 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 subject matter and to affect the appropriateness of the practitioner’s findings. However, the practitioner has no responsibility to perform any procedures regarding the subject matter after the date of the report. (Ref: par. A62)</p> | <p>Consideration of Subsequent Events (Ref: par. 36)</p> <p>.A62 As noted in paragraph 36, the practitioner has no responsibility to perform any procedures regarding the 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>.37 The practitioner should prepare engagement documentation on a timely basis that includes the following: (Ref: par. A63-.A64)</p> <ul style="list-style-type: none"> a. the written acknowledgement from the engaging party regarding the appropriateness of the procedures performed for the intended purpose of the engagement, as required by paragraph 17. ba. the nature, timing, and extent of the procedures performed to comply with relevant AT-C sections and applicable legal and regulatory requirements, including <ul 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 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, | <p>Documentation (Ref: par..37)</p> <p>.A63 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>.A64 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> |

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| <p>or that the written representations are otherwise not reliable, the matters in paragraph .25a–c;</p> <p>iv. who reviewed the agreed-upon procedures performed and the date and extent of such review.</p> <p>b. the results of the procedures performed and the evidence obtained.</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 .26-.29. A practitioner may use alternative language in drafting an agreed-upon procedures report, provided that the language meets the applicable requirements in paragraphs 26-29.</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> <p>Independent Accountant’s Report on Applying Agreed-Upon Procedures</p> <p><i>[Appropriate Addressee]</i></p> <p>We have performed the procedures enumerated below on <i>[identify the subject matter, for example, the accompanying Statement of Investment Performance Statistics of XYZ Fund for the year ended</i></p> |

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| | <p><i>December 31, 20X1</i>. [<i>The engaging party, for example, XYZ Fund</i>] acknowledged that the procedures performed are appropriate for the purpose of [identify the intended purpose of the engagement]. Our report may not be suitable for any other purpose.</p> <p>An agreed-upon procedures engagement involves our performing the procedures that [<i>the engaging party, for example, XYZ Fund</i>] has acknowledged to be appropriate for the purpose of [identify the intended purpose of the engagement] and reporting on findings based on the procedures performed.</p> <p>[<i>Include paragraphs to enumerate procedures and findings.</i>]</p> <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 limited assurance attestation engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on [<i>identify the subject matter, for example, the accompanying Statement of Investment Performance Statistics of XYZ Fund for the year ended December 31, 20X1</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 to you.</p> <p>We are independent and have fulfilled our other ethical responsibilities in accordance with relevant ethical requirements related to the agreed-upon procedures engagement.</p> <p>[<i>Additional paragraph(s) may be added to describe other matters.</i>]</p> <p>[<i>Practitioner's signature</i>]</p> |

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| | <p><i>[Practitioner’s city and state]</i> <i>[Date of practitioner’s report]</i></p> |
| | <p>Example 2: Practitioner’s Agreed-Up Procedures Report Related to a Statement of Investment Performance Statistics; the Procedures are Prescribed in a Regulation and the Practitioner Does Not Have the Ability to Perform or Design Additional Procedures</p> <p>Independent Accountant’s Report on Applying Agreed-Up Procedures</p> <p><i>[Appropriate Addressee]</i></p> <p>We have performed the procedures enumerated below on the accompanying Statement of Investment Performance Statistics of XYZ Fund for the year ended December 31, 20X1. [The engaging party] acknowledged that the procedures performed are appropriate for [identify the intended purpose of the engagement]. Our report may not be suitable for any other purpose.</p> <p>An agreed-upon procedures engagement involves our performing the procedures that [the engaging party] has acknowledged to be appropriate for the purpose of [identify the intended purpose of the engagement] and reporting on findings based on the procedures performed.</p> <p><i>[Include paragraphs to enumerate procedures and findings.]</i></p> <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 limited assurance attestation</p> |

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| | <p>engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the accompanying Statement of Investment Performance Statistics of XYZ Fund for the year ended December 31, 20X1. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.</p> <p>We are independent and have fulfilled our other ethical responsibilities in accordance with relevant ethical requirements related to the agreed-upon procedures engagement.</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 [the regulatory body and the engaging party] 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> |