



Agenda Item 3I

Proposed Chapter 7, “Compliance Attestation,” of the Clarified Attestation Standards (Clarified AT 601) January 12, 2015 Draft Marked from the January 28, 2014 Exposure Draft

Introduction, Effective Date, Objective, Definition, and Requirement Paragraphs	Application and Other Explanatory Material
<p>Introduction</p> <p>7.1. This chapter of Statements on Standards for Attestation Engagements (SSAEs or attestation standards) <u>contains performance and reporting</u> establishes the requirements and <u>application</u> guidance for a practitioner:</p> <ul style="list-style-type: none"> a. examining an entity’s compliance with requirements of specified laws, regulations, rules, contracts, or grants (specified requirements) or an assertion about compliance with specified requirements); b. performing agreed-upon procedures related to an entity’s compliance with specified requirements; c. performing agreed-upon procedures related to an entity’s internal control over compliance with specified requirements. (<u>Ref: par. 7.A1-7.A2-7.A1-7.A6</u>) 	<p>Introduction</p> <p>7.A1. Compliance requirements may be either financial or nonfinancial in nature. (Ref: par. 7.1)</p> <p>7.A2. An important consideration in determining the type of engagement to be performed is the expectation of users of the practitioner’s report. Since the specified parties decide the procedures to be performed in an agreed-upon procedures engagement, it may be in the best interests of the practitioner and specified parties (including the engaging party) to have an agreed-upon procedures engagement rather than an examination engagement. (Ref: par. 7.1)</p> <p>7.A3. In accordance with chapter 1 of the attestation standards, a practitioner is precluded from accepting an engagement unless the practitioner has reason to believe that the subject matter is appropriate.⁴ Chapter 1 indicates that one of the attributes of appropriate subject matter is that</p>

⁴ ~~Paragraph 1.27b(i) of chapter 1, “Concepts Common to All Attestation Engagements.”~~

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<p>7.2. Chapter 3, "Review Engagements," of the attestation standards prohibits a practitioner from performing a review, as that term is defined in chapter 1, "Concepts Common to All</p>	<p>it is identifiable and capable of reasonably consistent measurement or evaluation against the criteria.² (Chapter 1 requires that the criteria be suitable and available.³) (Ref: par. 7.1)</p> <p>7.A4. Chapter 1 of the attestation standards notes that in some cases, laws or regulations prescribe the criteria to be used for an examination of compliance or agreed-upon procedures engagement related to compliance. In the absence of indications to the contrary, such criteria are presumed to be suitable.⁴ (Ref: par. 7.1)</p> <p>7.A5. Chapter 1 of the attestation standards requires that the criteria be available to the intended users.⁵ (Ref: par. 7.1)</p> <p>7.A6.7.A2. A practitioner may be engaged to provide other types of services in connection with an entity's compliance with specified requirements or its internal control over compliance with specified requirements. For example, management may engage the practitioner to provide recommendations on how to improve the entity's compliance or related internal control. Such an engagement is governed by the guidance in CS section 100, <i>Consulting Services: Definitions and Standards</i>. (Ref: par. 7.1)</p>

² ~~Paragraph 1.A30a.~~
³ ~~Paragraph 1.27b(ii).~~
⁴ ~~Paragraph 1.A38.~~
⁵ ~~Paragraph 1.25b(ii).~~

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<p>Attestation Engagements," of an entity's compliance with specified requirements or an entity's internal control over compliance or an assertion thereon.</p> <p>7.3 This chapter is not applicable to examination engagements in which a practitioner is reporting on an entity's internal control over compliance with specified requirements. (Ref: par. 7.A7)</p>	
<p>7.3-7.2.7.4 This chapter does not <u>apply to</u></p> <p>a. affect the auditor's responsibility in an audit of financial statements performed in accordance with generally accepted auditing standards (GAAS) reviews of compliance with specified requirements or an entity's internal control over compliance or an assertion thereon because chapter 3, <i>Review Engagements</i>, specifically prohibits such engagements</p> <p><u>b. examination engagements in which a practitioner is reporting on an entity's internal control over compliance with specified requirements (Ref: par. 7.A3 7.A7)</u></p> <p><u>cb. apply to</u> situations in which an auditor reports on specified compliance requirements based solely on an audit of financial statements, as addressed in AU-C section 806, <i>Reporting on Compliance With Aspects of Contractual Agreements or Regulatory Requirements in Connection With Audited Financial Statements</i>.</p>	<p>7.A7.7.A3. An engagement to examine internal control over compliance is governed by chapters 1 and 2 of the attestation standards. Additionally, AU-C section XXX, <i>An Audit of an Entity's Internal Control Over Financial Reporting That Is Integrated With an Audit of Its Financial Statements</i>, may be helpful to a practitioner in such an engagement.^{1 6} (Ref: par. 7.4 <u>7.2b</u>)</p>

^{1 6} The ASB intends to revise and issue AT section 501, *An Examination of an Entity's Internal Control Over Financial Reporting That Is Integrated With an Audit of Its Financial Statements*, as a Statement on Auditing Standards. When it is issued and codified it will be assigned a section number.

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<p>de. apply to engagements in which a governmental audit requirement requires an auditor to express an opinion on compliance in accordance with AU-C section 935, <i>Compliance Audits</i>.</p>	
<p>7.4-7.3. 7.5 A report issued in accordance with the provisions of this chapter does not provide a legal determination of an entity's compliance with specified requirements. However, such a report may be useful to legal counsel or others in making such determinations.</p>	
<p>Par. 7.6 was moved to new par. 7.8.</p>	
<p>Effective Date</p> <p>7.5-7.4. 7.7 This chapter is effective for <u>examination</u> reports on examinations of compliance with specified requirements and for reports on agreed-upon procedures <u>reports</u> related to compliance or internal control over compliance <u>with specified requirements</u> dated on or after <u>December 15, 2016</u> [date].</p>	
<p>Objectives of an Examination of an Entity's Compliance With Specified Requirements</p> <p>7.6-7.5. 7.8 In an examination of an entity's compliance with specified requirements, the objectives of the practitioner are to</p> <ul style="list-style-type: none"> • obtain reasonable assurance about whether an entity complied, in all material respects with specified requirements, based on the applicable criteria (or about whether management's assertion about its compliance with specified requirements is fairly stated in all material respects). 	

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<ul style="list-style-type: none"> • express an opinion in a written report about whether an entity complied in all material respects with specified requirements, based on the applicable criteria (or about whether management's assertion about its compliance with specified requirements is fairly stated, in all material respects. 	
<p>Objectives of an AUP Engagement Related to Compliance or Internal Control Over Compliance With Specified Requirements</p> <p>7.7.7.6. 7.9 In an agreed-upon procedures engagement for which the subject matter is compliance or internal control over compliance with specified requirements, the objectives of the practitioner are to</p> <ul style="list-style-type: none"> a. apply to an entity's compliance with specified requirements or an entity's internal control over compliance with specified requirements procedures that are established by specified parties who agreed upon the procedures and are responsible for the sufficiency of the procedures for their purposes. b. issue a written report that describes the procedures applied and the practitioner's findings. 	
<p>Definitions</p> <p>7.8.7.7. 7.10 For the purposes of this chapter, the following definitions apply:</p> <ul style="list-style-type: none"> a. Compliance with specified requirements. An entity's compliance with specified laws, regulations, rules, contracts, or grants. 	<p>Definitions</p>

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<p>b. Internal control over compliance. An entity's internal control over compliance with specified requirements. The internal control addressed in this chapter may include part of, but is not the same as, internal control over financial reporting. (Ref: par. 7.A4 7.A8)</p> <p>c. Material noncompliance. A failure to follow compliance requirements or a violation of prohibitions included in the specified compliance requirements that results in noncompliance that is quantitatively or qualitatively material, either individually or when aggregated with other noncompliance. (Ref: par. 7.A5 7.A9)</p>	<p>7.A8.7.A4. An entity's internal control over compliance is the process by which management obtains reasonable assurance of compliance with specified requirements. Although the responsible party's internal control may include a wide variety of objectives and related policies and procedures, only some of these may be relevant to an entity's compliance with specified requirements. An entity's internal control over compliance may vary based on the nature of the compliance requirements. For example, internal control over compliance with a capital requirement would generally include accounting procedures, whereas internal control over compliance with a requirement to practice nondiscriminatory hiring may not include accounting procedures. (Ref: par. 7.77.10b)</p> <p>7.A9.7.A5. Government requirements or other requirements may define material noncompliance for the purpose of the engagement. (Ref: par. 7.10-7.7c)</p>
<p>7.9-7.8. 7.6 In addition to complying with this chapter, a practitioner is required to comply with chapter 1 of the attestation standards and either chapter 2, "Examination Engagements," for examinations of compliance, or chapter 4 for agreed-upon procedures engagements that address compliance. In some cases, this chapter repeats or refers to requirements found in chapters 1, 2, and 4 when describing those requirements in the context of engagements that address compliance. Although not all of the requirements in chapters 1, 2, and 4 are repeated or referred to in this chapter, the practitioner is responsible for complying with all of the requirements in chapters 1 and 2 or 1 and 4, as applicable.</p> <p>Par. 7.6 was moved here to precede the heading</p>	

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"Requirements."	
Requirements	
Examination Engagements	Examination Engagements
Requirements	
Paragraph 7.6 was moved to precede the heading "Requirements."	
<p>Conditions for Engagement Acceptance and Continuance</p> <p>7.10-7.9. 7.11 In addition to complying with the requirements of chapters 1 and 2 of the attestation standards related to engagement acceptance and continuance, the practitioner should determine that the following conditions are met in order to perform an examination engagement related to an entity's compliance with specified requirements:^{2 7}</p> <ul style="list-style-type: none"> a. The responsible party accepts responsibility for the entity's compliance with specified requirements and the entity's internal control over compliance. b. The responsible party evaluates the entity's compliance with specified requirements. (Ref: par. 7.A7 7.A11) c. Sufficient appropriate evidence exists or could be developed to support management's evaluation. <p>(Ref: par. 7.A6–7.A7)</p>	<p>Conditions for Engagement Acceptance and Continuance</p> <p>7.A10-7.A6. The responsible party is responsible for ensuring that the entity complies with the requirements applicable to its activities. That responsibility encompasses the following:</p> <ul style="list-style-type: none"> a. Identifying the specified compliance requirements b. Designing, implementing, and maintaining internal control to provide reasonable assurance that the entity complies with those requirements c. Evaluating and monitoring the entity's compliance d. Specifying reports that satisfy legal, regulatory, or contractual requirements <p>(Ref: par. 7.11 7.9)</p> <p>7.A11-7.A7. The responsible party's evaluation may include documentation such as accounting or statistical data, entity policy manuals, accounting manuals, narrative memoranda,</p>

^{2 7} Paragraphs 1.~~223~~–1.27 of chapter 1, "Concepts Common to All Attestation Engagements," and paragraphs 2.5–2.7 of chapter 2, "Examination Engagements."

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	<p>procedural write-ups, flowcharts, completed questionnaires, or internal auditors' reports. The form and extent of documentation will vary depending on the nature of the compliance requirements and the size and complexity of the entity. The responsible party may engage the practitioner to gather certain information for use in evaluating the entity's compliance. Regardless of anythe procedures performed by the practitioner, the responsible party is responsible for its assertion. (Ref: par. 7.11 7.9b)</p>
<p>7.11.7.10. 7.12 As required by chapter 2 of the attestation standards, in performing an examination engagement under this chapter, the practitioner should requestobtain from the responsible party a written assertion about compliance with specified requirements.³⁸ The responsible party may present its written assertion in either of the following:</p> <ul style="list-style-type: none"> a. A separate report that accompanies the practitioner's report b. A representation letter to the practitioner (Ref: par. 7.A8 7.A12) 	<p>7.A12.7.A8. The responsible party's written assertion about compliance with specified requirements may take many forms. Throughout this chapter, for example, the phrase "responsible party's assertion that W Company complied with [<i>specify compliance requirement</i>]" as of [<i>date</i>]," illustrates such an assertion. Other phrases may also be used. A statement that is so subjective (for example, <i>substantially complied</i>) that people having competence in and using the same or similar criteria would not ordinarily be able to arrive at similar conclusions is not an appropriate written assertion. (Ref: par. 7.12 7.10)</p>
<p>Reasonable Assurance</p> <p>7.12.7.11. 7.13 In an engagement to examine compliance with specified requirements, the practitioner should seek to obtain reasonable assurance that the entity complied with the specified requirements, in all material respects, based on the applicable criteria, including designing the examination to detect both intentional and unintentional material noncompliance. (Ref: par. 7.A9 7.A13)</p>	<p>Reasonable Assurance</p> <p>7.A13.7.A9. As the basis for the practitioner's examination opinion, chapter 1 of the attestation standards indicates that the practitioner obtains reasonable assurance about whether the subject matter is free from material misstatement, whether due to fraud or error. Reasonable assurance is a high, but not absolute, level of assurance. It is obtained when the practitioner has obtained sufficient appropriate evidence</p>

³⁸ Paragraph 2.108 of chapter 2.

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	<p>to reduce attestation risk (that is, the risk that the practitioner expresses an inappropriate opinion when the subject matter is materially misstated) to an acceptably low level.⁴⁹</p> <p>Reasonable assurance is not an absolute level of assurance because there are inherent limitations of an examination that result in most of the evidence on which the practitioner draws conclusions and bases the practitioner's opinion being persuasive rather than conclusive.⁴⁰ There is the possibility that management or others may not provide, intentionally or unintentionally, the complete information that is relevant to the subject matter or that has been requested by the practitioner. Accordingly, the practitioner cannot be certain of the completeness of information, even though the practitioner has performed procedures to obtain assurance that all relevant information has been obtained. (Ref: par. 7.13 7.11)</p>
<p>Materiality</p> <p>7.13.7.12. 7.14 As required by chapter 2 of the attestation standards, the practitioner should consider materiality when establishing the overall engagement strategy.⁵¹¹ (Ref: par. 7.A14-7.A15 7.A10-7.A11)</p>	<p>Materiality</p> <p>7.A14.7.A10. The terms of an engagement may provide for a supplemental report of all or certain noncompliance discovered. Such terms would not affect the practitioner's judgments about materiality in establishing the overall engagement strategy or in forming an opinion on an entity's compliance with specified requirements or on the responsible party's assertion about such compliance. (Ref: par. 7.14 7.12)</p> <p>7.A15.7.A11. In an examination of an entity's compliance with specified requirements, the practitioner's consideration</p>

⁴⁹ Paragraph 1.910b(i) of chapter 1.

⁴⁰ Paragraph 1.A9

⁵¹¹ Paragraph 2.1614 of chapter 2.

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	<p>of materiality is affected by (a) the nature of the compliance requirements, which may or may not be quantifiable in monetary terms, (b) the nature and frequency of noncompliance identified with appropriate consideration of sampling risk, and (c) qualitative considerations, including the needs and expectations of the report's users. (Ref: par. 7.14 7.12)</p>
<p>Performing an Examination Engagement</p> <p>7.14.7.13. 7.15 To obtain an understanding of the specified compliance requirements, tThe practitioner should <u>obtain an understanding of the specified compliance requirements using at least consider</u> the following <u>methods, when applicable</u>:</p> <ul style="list-style-type: none"> a. <u>Consideration of l</u>aws, regulations, rules, contracts, and grants that pertain to the specified compliance requirements, including published requirements b. <u>Consideration of k</u>nowledge about the specified compliance requirements obtained through prior engagements and regulatory reports c. Knowledge about the specified compliance requirements obtained through d<u>Discussions</u> with appropriate individuals within the entity (for example, the chief financial officer, internal auditors, legal counsel, compliance officer, or grant or contract administrators) d. Knowledge about the specified compliance requirements obtained through d<u>Discussions</u> with appropriate individuals outside the entity (for example, a regulator or specialist) 	<p>Performing an Examination Engagement</p>
<p>7.15.7.14. 7.16 In an engagement to examine an entity's compliance with specified requirements when the entity has</p>	

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<p>operations in several components (for example, locations, branches, subsidiaries, or programs), the practitioner <u>should</u> may determine <u>the nature, timing, and extent of testing to be performed at individual components</u>that it is not necessary to test compliance with requirements at every component. In making such a determination and in selecting the components to be tested, the practitioner should <u>evaluate</u> consider factors such as the following:</p> <ul style="list-style-type: none"> a. The degree to which the specified compliance requirements apply at the component level b. Judgments about materiality c. The degree of centralization of records d. The effectiveness of the control environment, particularly management's direct control over the exercise of authority delegated to others and its ability to supervise activities at various locations effectively e. The nature and extent of operations conducted at the various components f. The similarity of operations over compliance for different components 	
<p>7.16-7.15. <u>7.17</u> The practitioner should obtain an understanding of relevant portions of internal control over compliance sufficient to plan the engagement and to assess control risk for compliance with specified requirements. In planning the examination, such knowledge should be used to identify types of potential noncompliance, to consider factors that affect the risk of material noncompliance, and to design appropriate tests of compliance. (Ref: par. 7.A16-7.A17 7.A12-7.A13)</p>	<p>7.A16-7.A12. A practitioner generally obtains an understanding of the design of specific controls by performing the following:</p> <ul style="list-style-type: none"> a. Inquiries of appropriate management, supervisory, and staff personnel b. Inspection of the entity's documents

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	<p>c. Observation of the entity's activities and operations (Ref: par. 7.17 7.15)</p> <p>7.A17.7.A13. The nature and extent of procedures a practitioner performs vary from entity to entity and are influenced by factors such as the following:</p> <ul style="list-style-type: none"> • The newness and complexity of the specified requirements • The practitioner's knowledge of internal control over compliance obtained in previous professional engagements • The nature of the specified compliance requirements • An understanding of the industry in which the entity operates • Judgments about materiality (Ref: par. 7.17 7.15)
<p>7.17.7.16. 7.18 For engagements involving compliance with regulatory requirements, the practitioner's procedures should include reviewing reports of <u>relevant significant</u> examinations and related communications between regulatory agencies and the entity and, when appropriate, making inquiries of the regulatory agencies, including inquiries about examinations in progress.</p>	
<p>7.18. 7.19 <u>In addition to performing the procedures required by chapter 2 of the attestation standards, for the period from the end of the reporting period (or point in time) to the date of the practitioner's report, the practitioner should perform procedures to identify subsequent events that provide additional information about compliance during the reporting period. Such procedures</u></p>	

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<p>should include inquiring about and considering information about compliance contained in the following:⁴²⁶</p> <p>7.19. • Relevant internal auditors' reports issued during the subsequent period</p> <p>— • Other practitioners' reports issued during the subsequent period</p> <p>— • Relevant regulatory agencies' reports issued during the subsequent period</p> <p>— • Information obtained through other professional engagements for that entity</p>	
<p>7.20 The practitioner has no responsibility to detect noncompliance that occurs subsequent to the period being reported on but before the date of the practitioner's report. However, if the practitioner becomes aware of such noncompliance, it may be of such a nature and significance that disclosure of it is required to prevent users from being misled. In such cases, the practitioner should include an explanatory paragraph in the practitioner's report that describes the nature of the noncompliance.</p>	
<p>Written Representations in a Compliance Examination Engagement</p> <p>7.20<u>7.17.</u> 7.24 In addition to the representations required by chapter 2 of the attestation standards, the practitioner should</p>	<p>Written Representations in a Compliance Examination Engagement</p> <p>7.A18<u>7.A14.</u> At the beginning of the engagement, the practitioner may want to consider discussing with the</p>

⁴² ~~Paragraph 2.39~~

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<p>request the following written representations from the responsible party:^{6.13}</p> <ul style="list-style-type: none"> a. Acknowledging the responsible party's responsibility for establishing and maintaining effective internal control over compliance b. Stating that the responsible party has performed an evaluation of the entity's compliance with specified requirements c. Stating the responsible party's interpretation of any compliance requirements that have varying interpretations d. Stating that the responsible party has disclosed any communications from regulatory agencies, internal auditors, and other practitioners concerning possible noncompliance with the specified requirements, including communications received between the end of the period addressed in the written assertion and the date of the practitioner's report e. Stating that the responsible party has disclosed any known noncompliance occurring subsequent to the period for which, or date as of which, the responsible party selects to make its assertion (Ref: par. 7.A18 7.A14) 	<p>responsible party the need for the responsible party to provide the practitioner with a written representation letter at the conclusion of the engagement. (Ref: par. 7.21 7.17)</p>
<p>7.21-7.18.7.22 In an examination of compliance, the practitioner should request^{obtain} from the responsible party the written representations required by chapter 2 of the attestation standards</p>	<p>7.A19-7.A15. Because of the nature of the subject matter, this chapter does not permit the practitioner to perform the alternative procedures described in chapter 2 of the</p>

^{6.13} Paragraphs ~~2.45 2.41-2.42~~ of chapter 2.

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<p>and paragraph 7.21 7.17, even if the engaging party is not the responsible party^{7, 44} The alternative to obtaining the required written representations provided for in chapter 2 is not permitted in an engagement to examine compliance.^{9, 45} The responsible party's refusal to furnish the written representations required by chapter 2 and paragraph 7.21 7.17 constitutes a limitation on the scope of the engagement sufficient to preclude an unmodifiedqualified opinion and may be sufficient to cause the practitioner to withdraw from the examination engagement, <u>when withdrawal is possible under applicable law or regulation.</u>^{11, 46} (Ref: par. 7.A15-7.A19)</p>	<p>attestation standards (making inquiries of the responsible party and restricting the use of the report) <u>in an examination of compliance.</u>^{8, 47} Therefore, the representations need to be confirmed in writing by the responsible party.^{10, 48} (Ref: par. 7.22 7.18)</p>
<p>Reporting</p> <p>7.22-7.19. 7.23 In evaluating whether the entity has complied in all material respects (or whether the responsible party's assertion about such compliance is fairly stated in all material respects), the practitioner should evaluate (a) the nature and frequency of the noncompliance identified, and (b) whether such noncompliance is material relative to the nature of the compliance requirements.</p>	<p>Reporting</p>
<p>7.23-7.20. 7.24 The practitioner's examination report on compliance should include the following <u>elements</u>, unless the practitioner is disclaiming an opinion, in which case items 7.24 7.20d(ii) and 7.24 7.20e(i-iv) should be omitted. (Ref: par. 7.A20-7.A24 7.A16)</p>	<p>7.A20-7.A16. The list of report elements in paragraph 7.20 constitutes all of the required report elements for an examination of compliance with specified requirements, including the elements required by chapter 2 of the attestation standards.^{12, 20} Application guidance regarding the</p>

^{7, 44} Paragraph 2.4544 of chapter 2.

^{9, 45} Paragraph 2.4642b of chapter 2

^{11, 46} Paragraph 2.A622.44 of chapter 2

^{8, 47} Paragraph 2.4642b of chapter 2

^{10, 48} Paragraph 2.4642b of chapter 2

^{12, 20} Paragraph 2.5452-2.55 of chapter 2

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<p>a. A title that includes the word independent</p> <p>b. An appropriate addressee as required by the circumstances of the engagement</p> <p>An identification of the <u>compliance matters specified compliance requirements (or assertion thereon) that are being reported on or the assertion about such matters</u>, including the point in time or period of time to which the measurement or evaluation of compliance relates</p> <p><u>d. An identification of the specified compliance requirements against which compliance was measured or evaluated</u></p> <p><u>ed.</u> A statement <u>indicating</u> that</p> <p>i. <u>identifies the responsible party and its responsibilities including that</u> management is responsible for complying with the specified compliance requirements (when reporting on the subject matter), or management is responsible for its assertion (when reporting on management's assertion)</p> <p>ii. the practitioner's <u>is</u> responsibility <u>for is to</u> expressing an opinion on the entity's compliance with the specified requirements <u>(when reporting on the subject matter) or expressing an opinion or</u> on management's assertion <u>about the entity's</u></p>	<p>elements of an examination report is included in chapter 2 of the attestation standards.¹³²⁴ (Ref: par. 7.24 7.20)</p> <p>7.A21-7.A17. Examples 1 and 2 in the exhibit to this chapter provide illustrations of examination reports on compliance. (Ref: par. 7.24 7.20)</p>

^{13 24} Paragraphs 2.A73–2.A9394 of chapter 2.

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<p><u>compliance with the specified requirements (when reporting on management's assertion)</u></p> <p><u>fe.</u> A statement that</p> <ul style="list-style-type: none"> i. the examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants ii. those standards require that the practitioner plan and perform the examination to obtain reasonable assurance about whether the entity complied, in all material respects, with the specified compliance requirements <u>(when reporting on the subject matter)</u> or on whether management's assertion <u>about compliance</u> is free from material misstatement (when reporting on management's assertion) iii. <u>A description of the nature of an examination engagement</u> iiiiv. the practitioner believes the evidence obtained is sufficient and appropriate to provide a reasonable basis for the practitioner's opinion <u>iv.</u> describes significant inherent limitations, if any, associated with the measurement or evaluation of the entity's compliance with the specified requirements or its assertion thereon <p><u>g. A description of the nature of an examination engagement</u></p> <p><u>hf.</u> A statement that the examination does not provide a legal</p>	

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<p>determination on the entity's compliance</p> <p><i>ig.</i> The practitioner's opinion about whether the entity complied with the specified compliance requirements, in all material respects, <u>based on the criteria</u> (when expressing an opinion on the subject matter), or on whether management's assertion <u>about the entity's compliance</u> is free from material misstatement, in all material respects (when expressing an opinion on management's assertion)</p> <p><i>jh.</i> When the circumstances identified in chapter 2 of the attestation standards are applicable, an alert in a separate paragraph that restricts the use of the report or describes the purpose of the report, as applicable ¹⁴⁴⁸</p> <p><i>ki.</i> The manual or printed signature of the practitioner's firm</p> <p><i>lj.</i> The city and state where the practitioner practices</p> <p><i>mk.</i> The date of the report (The report should be dated no earlier than the date on which the practitioner has obtained sufficient appropriate evidence on which to base the practitioner's opinion, including that the responsible party has provided a written assertion.)</p> <p>(Ref: par. 7.A20-7.A21 7.A16-7.A17)</p>	
<p>7.24-7.21, 7.25 Frequently, criteria will be contained in the compliance requirements, in which case it is not necessary to repeat the criteria in the practitioner's report; however, if the criteria are not included in the compliance requirement, the practitioner's report should identify the criteria. (Ref: par. 7.A22-</p>	<p>7.A22-7.A18. If a compliance requirement is to "maintain \$25,000 in capital," it would not be necessary to identify the \$25,000 in the report; however, if the requirement is subjectively worded, for example, to "maintain adequate capital," the criteria used to define <i>adequate</i> would be</p>

^{14 48} Paragraph 2. ~~5852~~ of chapter 2.

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<p>7.A23 7.A18–7.A19)</p>	<p>included in the report. (Ref: par. 7.25 7.21)</p> <p>7.A23-7.A19. When evaluating compliance with certain requirements requires interpretation of the laws, regulations, rules, contracts, or grants that establish those requirements, the practitioner evaluates whether the criteria are suitable for evaluating compliance. If these interpretations are significant, the practitioner may include a paragraph describing the interpretations and identifying the source of the interpretations made by the entity’s management. The following is an example of such a paragraph:</p> <p style="padding-left: 40px;">We have been informed that, under [<i>name of entity</i>]’s interpretation of [<i>identify the compliance requirement</i>], [<i>explain the source and nature of the relevant interpretation</i>]. (Ref: par. 7.25 7.21)</p>
<p>Modified OpinionsReport Modifications</p> <p>7.25-7.22. 7.26 If the practitioner determines that there is material noncompliance, the report should describe the material noncompliance and the opinion should be modified in accordance with chapter 2 of the attestation standards.^{15 24} (Ref: par. 7.A24–7.A28 7.A20–7.A24)</p>	<p>Modified OpinionsReport Modifications</p> <p>Report Modifications for a Qualified Opinion</p> <p>7.A24-7.A20. The following illustrates an example of</p> <ol style="list-style-type: none"> a. a paragraph that would be added to the practitioner’s report to describe the matter giving rise to the qualified opinion, and b. the opinion paragraph of the modified report containing the qualified opinion:

^{15 24} Paragraphs ~~2.60-2.76~~ ~~2.55–2.60~~ of chapter 2.

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	<p>Our examination disclosed the following material noncompliance with [<i>type of compliance requirement</i>] applicable to [<i>name of entity</i>] during the [<i>period</i>] ended [<i>date</i>]. [<i>Describe noncompliance.</i>]</p> <p>In our opinion, except for the material noncompliance described in the preceding paragraph, [<i>name of entity</i>] complied, in all material respects, with the aforementioned requirements for the [<i>period</i>] ended [<i>date</i>]. (Ref: par. 7.26 7.22)</p> <p>Report Modifications for an Adverse Opinion</p> <p>7.A25-7.A21. The following is an example of</p> <ol style="list-style-type: none"> a. a paragraph that would be added to the practitioner's report to describe the matter(s) giving rise to the adverse opinion, and b. the opinion paragraph of a modified report containing an adverse opinion: <p>Our examination disclosed the following material noncompliance with [<i>type of compliance requirement</i>] applicable to [<i>name of entity</i>] during the [<i>period</i>] ended [<i>date</i>]. [<i>Describe noncompliance.</i>]</p> <p>In our opinion, because of the effect of the noncompliance described in the preceding paragraph, [<i>name of entity</i>] has not complied with the aforementioned requirements for the [<i>period</i>] ended [<i>date</i>]. (Ref: par. 7.26 7.22)</p>

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	<p>7.A26<u>7.A22</u>. If the practitioner's report containing a qualified or adverse opinion on the entity's compliance with specified requirements is included in a document that also includes the practitioner's audit report on the entity's financial statements, the practitioner's compliance report may indicate that the noncompliance was considered during the audit. (Ref: par. 7.26 <u>7.22</u>)</p> <p>7.A27<u>7.A23</u>. The following is an example of an additional sentence that may be included in the opinion paragraph of an examination report that describes material noncompliance:</p> <p style="padding-left: 40px;">We considered the effect of these conditions on our audit of the 20XX financial statements. This report on XYZ Company's compliance with [<i>identify the specified compliance requirements</i>] does not affect our audit report dated [<i>date of report</i>] on those financial statements. (Ref: par. 7.26 <u>7.22</u>)</p> <p>7.A28<u>7.A24</u>. The practitioner also may include the preceding sentence when the two reports are not included in the same document. (Ref: par. 7.26 <u>7.22</u>)</p>
Agreed-Upon Procedures Engagements Related to Compliance	Agreed-Upon Procedures Engagements Related to Compliance
Conditions for Engagement Acceptance and Continuance 7.26 <u>7.23</u> 7.27 In addition to complying with the requirements specified in chapters 1 and 4 related to engagement acceptance and continuance, the practitioner should determine that the	Conditions for Engagement Acceptance and Continuance 7.A29 <u>7.A25</u> . The responsible party is responsible for ensuring that the entity complies with the requirements

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<p>following conditions are met in order to perform an agreed-upon procedures engagement related to an entity's compliance with specified requirements or internal control over compliance^{16 22}:</p> <ul style="list-style-type: none"> a. The responsible party accepts responsibility for the entity's compliance with specified requirements and the entity's internal control over compliance. b. The responsible party evaluates the entity's compliance with specified requirements or the entity's internal control over compliance. (Ref: par. 7.A29-7.A30 7.A25-7.A26) 	<p>applicable to its activities. That responsibility encompasses the following:</p> <ul style="list-style-type: none"> a. Identifying the specified compliance requirements b. Establishing and maintaining internal control to provide reasonable assurance that the entity complies with those requirements c. Evaluating and monitoring the entity's compliance d. Specifying reports that satisfy legal, regulatory, or contractual requirements (Ref: par. 7.27 7.23) <p>7.A30-7.A26. The responsible party's evaluation may include documentation such as accounting or statistical data, entity policy manuals, accounting manuals, narrative memoranda, procedural write-ups, flowcharts, completed questionnaires, or internal auditors' reports. The form and extent of documentation will vary depending on the nature of the compliance requirements and the size and complexity of the entity. The responsible party may engage the practitioner to gather certain information for use in evaluating the entity's compliance. Regardless of anythe procedures performed by the practitioner, the responsible party is responsible for its assertion. (Ref: par. 7.27 7.23)</p>
<p>7.27-7.24. 7.28To obtain an understanding of the specified compliance requirements, a The practitioner should <u>obtain an understanding of the specified compliance requirements, using at least consider</u> the following methods, when applicable:</p>	

^{16 22} Paragraphs 1.~~223~~-1.~~287~~ of chapter 1 and paragraph 4.9-~~4.10~~ of chapter 4, "Agreed-Upon Procedures Engagements."

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<p>a. <u>Consideration of L</u>aws, regulations, rules, contracts, and grants that pertain to the specified compliance requirements, including published requirements</p> <p>b. <u>Consideration of k</u>nowledge about the specified compliance requirements obtained through prior engagements and regulatory reports</p> <p>c. Knowledge about the specified compliance requirements obtained through Discussions with appropriate individuals within the entity (for example, the chief financial officer, internal auditors, legal counsel, compliance officer, or grant or contract administrators)</p> <p>d, Knowledge about the specified compliance requirements obtained through dDiscussions with appropriate individuals outside the entity (for example, a regulator or a specialist)</p>	
<p>Written Representations in an Agreed-Upon Procedures Engagement</p> <p>7.28-7.25. 7-29 In an agreed-upon procedures engagement, <u>in addition to the written representations in chapter 4 that the practitioner is required -related to compliance, the practitioner should to</u> request from the responsible party, <u>the practitioner should also request</u> written representations</p> <p>a. acknowledging the responsible party's responsibility for complying with the specified requirements.</p> <p><u>ab.</u> acknowledging the responsible party's responsibility for establishing and maintaining effective internal control over compliance.</p>	<p>Written Representations in an Agreed-Upon Procedures Engagement</p>

Introduction, Effective Date, Objective, Definition, and Requirement Paragraphs	Application and Other Explanatory Material
<p><u>bc.</u> stating that the responsible party has performed an evaluation of (1) the entity's compliance with specified requirements, or (2) the entity's controls for establishing and maintaining internal control over compliance and detecting noncompliance with requirements, as applicable.</p> <p><u>d.</u> stating that the responsible party has disclosed to the practitioner all known noncompliance with the specified requirements.</p> <p><u>e.</u> stating that the responsible party has made available all documentation related to compliance with the specified requirements.</p> <p><u>cf.</u> stating the responsible party's interpretation of any compliance requirements that have varying interpretations.</p> <p><u>g.</u> stating that the responsible party has disclosed any communications from regulatory agencies, internal auditors, and other practitioners concerning possible noncompliance with the specified requirements, including communications received between the end of the period covered by the agreed-upon procedures engagement and the date of the practitioner's report.</p> <p><u>dh.</u> stating that the responsible party has disclosed any known noncompliance occurring subsequent to the period covered by the practitioner's report. (Ref: <u>par. 7.A27</u>)</p> <p><u>7.29-7.26.7.30</u> The date of the written representations should be as of the date of the agreed-upon procedures report. The written</p>	<p><u>7.A31-7.A27.</u> When the engaging party is not the responsible party, the practitioner may also want to <u>requestobtain</u> written representations from the engaging party. For example, when the engaging party has entered into a contract with the responsible party and the practitioner is engaged to perform agreed-upon procedures relevant to the responsible party's compliance with that contract, the practitioner may want to <u>requestobtain</u> written representations from the engaging party as to their knowledge of any noncompliance. (Ref: par. 7.28 7.25)</p>

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<p>representations should address the subject matter and periods referred to in the practitioner's report.</p> <p>7.31 In an agreed-upon procedures engagement related to compliance, if the engaging party is the responsible party, the responsible party's refusal to furnish all appropriate written representations constitutes a limitation on the scope of the engagement and the practitioner should withdraw from the engagement, unless the engagement is required by law or regulation. If management of an entity that is required by law or regulation to have an agreed-upon procedures engagement imposes such a scope limitation, the practitioner should disclose in the agreed-upon procedures report the inability to obtain representations from the responsible party. (Ref: par. 7.A31)</p> <p>7.32 If the engaging party is not the responsible party, and the responsible party refuses to furnish all appropriate written representations, the practitioner is not required to withdraw from the engagement but should evaluate the effects of the responsible party's refusal on the practitioner's report. Further, the practitioner should consider the effects of the responsible party's refusal on the practitioner's ability to rely on other representations of the responsible party. (Ref: par. 7.A31)</p>	
<p>Reporting on Agreed-Upon Procedures</p> <p>7.30-7.27. 7.33 Chapter 4 of the attestation standards indicates that aThe practitioner's agreed-upon procedures report <u>on compliance</u> should contain the following elements:²³ (Ref: par. 7.A32-7.A35 7.A28-7.A31)</p>	<p>Reporting on Agreed-Upon Procedures</p> <p>7.A32-7.A28. The list of report elements in paragraph <u>7.33 7.27</u> constitutes all of the required elements for a report on the application of agreed-upon procedures related to an entity's compliance with specified requirements, including the</p>

²³ - Paragraph 4.25.

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<p>a. A title that includes the word independent</p> <p>b. An appropriate addressee as required by the circumstances of the engagement</p> <p>c. An indication that the subject matter of the engagement is the entity's compliance with the specified compliance requirements during a period or as of a point in time</p> <p>d. <u>An identification of the specified compliance requirements against which the entity's compliance was measured or evaluated.</u></p> <p><u>ed.</u> An indication that management of the entity is responsible for the entity's compliance with the specified requirements</p> <p><u>fe</u> An identification of the specified parties</p> <p><u>gf.</u> A statement that</p> <p>i. the <u>sufficiency of the procedures is performed were those agreed to by the specified parties who are solely the responsibility of those parties specified in the report for the sufficiency of the procedures for their purposes</u></p> <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</p>	<p>elements required by chapter 4 of the attestation standards.^{17 24} Application guidance regarding the elements of an agreed-upon procedures report is included in chapter 4 of the attestation standards.^{18 25} (Ref: par. 7.33 7.27)</p> <p>7.A33.7.A29. In some agreed-upon procedures engagements, procedures may relate to both compliance with specified requirements and the entity's internal control over compliance. In these engagements, the practitioner may issue one report that addresses both. For example, the first sentence of the introductory paragraph may state the following:</p> <p style="padding-left: 40px;">We have performed the procedures enumerated below, related to [name of entity]'s compliance with [identify the specified requirements] during the [period] ended [date] and [name of entity]'s internal control over compliance with the aforementioned compliance requirements as of [date]. (Ref: par. 7.33 7.27)</p> <p>7.A34.7.A30. When performing agreed-upon procedures related to an entity's compliance with specified requirements, or when an entity's internal control over compliance with certain requirements requires interpretation of the laws, regulations, rules, contracts, or grants that establish those requirements, the practitioner evaluates whether the criteria are suitable for performing such agreed-upon procedures and reporting findings. If these interpretations are significant, the practitioner may include a paragraph describing the</p>

^{17 24} Paragraph 4.25 of chapter 4.

^{18 25} Paragraphs 4.A25–4.A29 of chapter 4.

Introduction, Effective Date, Objective, Definition, and Requirement Paragraphs	Application and Other Explanatory Material
<p>for any other purpose</p> <p><i>hg.</i> A list of the procedures performed (or reference thereto) and related findings (The practitioner should not provide a conclusion.)</p> <p><i>ih.</i> When applicable, a description of any agreed-upon materiality limits</p> <p><i>ji.</i> All of the following statements:</p> <ul 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 review of compliance, the objective of which would be the expression of an opinion or a conclusion, respectively on compliance (or internal control over compliance). 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><i>j.</i> When applicable, reservations or restrictions concerning procedures or findings</p> <p><i>k.</i> When applicable, a description of the nature of the assistance provided by a practitioner's specialist</p>	<p>interpretations made by the responsible party and the source of the interpretations. An example of such a paragraph, which would precede the procedures and findings paragraph(s), follows:</p> <p style="padding-left: 40px;">We have been informed that, under [<i>name of entity</i>]'s interpretation of [<i>identify the compliance requirement</i>], [<i>Explain the nature and source of the relevant interpretation</i>]. (Ref: par. 7.27 7.33)</p> <p>7.A35.7.A31. Example 3 in the exhibit to this chapter provides an illustration of an agreed-upon procedures report related to compliance. Example 4 in the exhibit to this chapter provides an illustration of an agreed-upon procedures report related to internal control over compliance. (Ref: par. 7.33 7.27)</p>

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<p><u>kl.</u> An alert in a separate paragraph that restricts the use of the practitioner's report. The report should</p> <ul style="list-style-type: none"> i. state that the report is intended solely for the information and use of the specified parties. ii. identify the specified parties for whom use is intended. iii. state that the report is not intended to be and should not be used by anyone other than the specified parties. <p>When the engagement is also performed in accordance with government auditing standards, instead of including the information in paragraph (l), the alert should</p> <ul style="list-style-type: none"> (iv) describe the purpose of the practitioner's report, and (v) state that the practitioner's report is not suitable for any other purpose. <p><u>l.</u> When applicable, reservations or restrictions concerning procedures or findings</p> <p><u>m.</u> When applicable, a description of the nature of the assistance provided by a practitioner's specialist</p> <p><u>nm.</u> The manual or printed signature of the practitioner's firm</p> <p><u>on.</u> The city and state where the practitioner practices</p> <p><u>pe.</u> 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.)</p>	

~~7.A36-7.A32.~~

Exhibit: Illustrative Practitioner's Reports for Examination and Agreed-Upon Procedures Engagements Related to Compliance With Specified Requirements and for Agreed-Upon Procedures Engagements Reports Related to Internal Control Over Compliance With Specified Requirements

The illustrative examination reports in this exhibit (Examples 1 and 2) meet the reporting requirements of chapter 2 of the attestation standards, "Examination Engagements," and of paragraphs ~~7.23-7.26~~ 7.19–7.22.¹ A practitioner may use alternative language in drafting an examination report, provided that the language meets the applicable requirements of chapter 2 of the attestation standards and paragraphs ~~7.23-7.26~~ 7.19–7.22.²

The illustrative agreed-upon procedures reports in this exhibit (Examples 3 and 4) meet the applicable reporting requirements of chapter 4 of the attestation standards, "Agreed-Upon Procedures Engagements," and of paragraph ~~7.33~~ 7.27.³ A practitioner may use alternative language in drafting an agreed-upon procedures report, provided that the language meets the applicable requirements of chapter 4 and paragraph ~~7.33~~ 7.27.⁴

Example 1: Examination Report on Compliance; Unmodified Opinion

The following is an illustrative examination report for an engagement in which the practitioner is reporting on subject matter (an entity's compliance with specified requirements during a period of time).

Independent Accountant's Report

[Appropriate addressee]

We have examined XYZ Company's compliance with [*identify the specified compliance requirements by either listing the requirements or referring to the requirements, for example, "the requirements listed in Attachment 1"*] during the period [date] to

¹ Paragraphs ~~2.5550-2.8060~~ of chapter 2.

² Paragraphs ~~2.5550-2.8060~~ of chapter 2.

³ Paragraphs ~~4.3127-4.3332~~ of chapter 4.

⁴ Paragraphs ~~4.3127-4.3332~~ of chapter 4.

[date]. Management of XYZ Company is responsible for XYZ Company's compliance with those requirements. Our responsibility is to express an opinion on XYZ Company's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether XYZ Company complied, in all material respects, with the specified requirements referenced above. An examination includes performing procedures to obtain evidence about whether XYZ Company complied with the specified requirements. The nature, timing and extent of the procedures selected depend on our professional judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error, and involve examining evidence about compliance with the specified requirements. We believe the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on XYZ Company's compliance with specified requirements.

In our opinion, XYZ Company complied, in all material respects, with *(Identify the specified compliance requirements by either listing the requirements or referring to the requirements, for example, "the requirements listed in Attachment 1 during the period [date] to [date]").*

[Practitioner's signature]

[Practitioner's city and state]

[Date of practitioner's report]

Example 2: Examination Report on an Assertion About Compliance; Unmodified Opinion

The following is an illustrative examination report for an engagement in which the practitioner is reporting on the responsible party's assertion about compliance with specified requirements and the responsible party's assertion accompanies the practitioner's report.

Independent Accountant's Report

[Appropriate Addressee]

We have examined *[title of the responsible party—for example, management of XYZ Company]*'s assertion that XYZ Company complied with *[identify the specified compliance requirements by listing them or making reference to them—for example, "the*

requirements listed in Attachment 1] during the period [date] to [date].⁵ Management of XYZ Company is responsible for its assertion. Our responsibility is to express an opinion on management's assertion, based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether management's assertion is free from material misstatement. An examination includes performing procedures to obtain evidence about whether management's assertion is fairly stated, in all material respects. The nature, timing and extent of the procedures selected depend on our professional judgment, including an assessment of the risks of material misstatement of management's assertion, whether due to fraud or error and involve examining evidence about management's assertion. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on XYZ Company's compliance with specified requirements.

In our opinion, management's assertion that XYZ Company complied with [*identify the specified compliance requirements by listing them or making reference to them—for example, "the requirements listed in Attachment 1"*], is fairly stated, in all material respects.

[*Practitioner's signature*]

[*Practitioner's city and state*]

[*Date of practitioner's report*]

Example 3: Agreed-Upon Procedures Report Related to Compliance

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

⁵ If the responsible party's assertion accompanies the practitioner's report, the practitioner refers to the responsible party's assertion by using the same title as the responsible party used for its assertion. The practitioner's report also uses the same description of the specified compliance requirements that the responsible party used in its assertion. If the responsible party's assertion is stated in the practitioner's report rather than accompanying the practitioner's report, the word "accompanying" would be omitted.

Independent Accountant's Report on Applying Agreed-Upon Procedures

[Appropriate Addressee]

We have ~~applied~~performed the procedures enumerated below related to XYZ Company's compliance with [identify the specified requirements by listing them or referring to them—for example, "the requirements listed in Attachment 1"] during the period [date] to [date].⁶ XYZ Company's management is responsible for its compliance with those requirements. The procedures performed were those agreed to by [identify the specified parties] who are solely responsible for the sufficiency of the procedures for their purposes. Consequently we make no representations regarding the sufficiency of the procedures enumerated below either for the purpose for which the report has been requested or for any other purpose.

[Include paragraphs to enumerate procedures and findings.]

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 of the entity's compliance with specified requirements, the objective of which would be the expression of an opinion or conclusion, respectively, on compliance. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of [list or refer to specified parties] and is not intended to be and should not be used by anyone other than these specified parties.

[Practitioner's signature]

[Practitioner's city and state]

[Date of practitioner's report]

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

Example 4: Agreed-Upon Procedures Report Related to Internal Control Over Compliance

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

Independent Accountant's Report on Applying Agreed-Upon Procedures

[Appropriate Addressee]

We have ~~applied~~performed the procedures enumerated below related to XYZ Company's internal control over compliance with *[identify the specified requirements]* as of *[date]*.⁷ XYZ Company's management *[Name of entity]* is responsible for its internal control over compliance with the aforementioned requirements. The procedures performed were those agreed to by *[identify the specified parties]* who are solely responsible for the sufficiency of the procedures for their purposes. Consequently we make no representations regarding the sufficiency of the procedures enumerated below either for the purpose for which the report has been requested or for any other purpose.

[Include paragraphs to enumerate procedures and findings.]

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 of internal control over compliance with the specified requirements, the objective of which would be the expression of an opinion or conclusion, respectively, on internal control over compliance. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of *[list or refer to specified parties]* and is not intended to be and should not be used by anyone other than these specified parties.

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

[Practitioner's signature]

[Practitioner's city and state]

[Date of practitioner's report]