



Agenda Item 3C

Chapter 10, “Specified Procedures Engagements”

Requirements	Application and Other Explanatory Material
<p>Introduction</p> <p>10.1. This chapter of Statements on Standards for Attestation Engagements (attestation standards) contains performance and reporting requirements and application guidance for all specified procedures engagements. The requirements and guidance in this chapter supplement the requirements and guidance in chapter 1, “Concepts Common to All Attestation Engagements.”</p> <p>10.2. A specified procedures engagement is one in which a practitioner is engaged to issue or does issue a report of findings based on specified procedures applied to the underlying subject matter. Because the engaging party requires that the findings be independently derived, the services of a practitioner are obtained to perform the procedures and report the findings. The engaging party may determine the procedures to be applied by the practitioner, or the practitioner may determine the procedures if requested to do so by the engaging party. Whether the procedures are determined by the engaging party or the practitioner, the engaging party agrees to the procedures. In an engagement performed under this chapter, the practitioner does not perform an examination or a review and does not provide an opinion or conclusion. Instead, the practitioner’s report on specified procedures is in the form of procedures and findings.</p> <p>10.3. When a practitioner performs services pursuant to an engagement to apply specified procedures to the underlying subject matter as part of or in addition to another form of service, this chapter 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; an attestation service performed pursuant to the attestation standards; or a nonattestation service. Reports on applying specified procedures to</p>	

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underlying subject matter may be combined with reports on such other services, provided the types of services can be clearly distinguished and the applicable standards for each service are followed.	
10.4. This chapter does not apply to engagements to issue letters (commonly referred to as <i>comfort letters</i>) to underwriters and certain other requesting parties. ¹	
Effective Date 10.5. This chapter is effective for specified procedures reports dated on or after [date].	
Objectives 10.6. In conducting a specified procedures engagement, the objectives of the practitioner are to <ul style="list-style-type: none"> a. apply to the underlying subject matter procedures that are <ul style="list-style-type: none"> i. established by the engaging party, an outside party. or the practitioner ii. agreed to by the engaging party b. issue a written report that describes the procedures applied and the practitioner's findings, and (Ref: par. 10.A1) c. communicate further as required by relevant chapters of the attestation standards. 	Objectives 10.A1. In a specified procedures engagement, the practitioner applies procedures to the underlying subject matter. Even though the procedures may be established by the engaging party or an outside party, the requirements and guidance related to the underlying subject matter and criteria in chapter 1 apply. (Ref: par. 10.6)
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Conduct of a Specified Procedures Engagement 10.7. In performing a specified procedures engagement, the practitioner should comply with this chapter, chapter 1, and any subject-matter specific chapters of the attestation standards that are relevant to the engagement. A subject-matter specific chapter is relevant to the	Conduct of a Specified Procedures Engagement 10.A2. Although independence is required for specified procedures engagements, ET section 1.297.020, "Specified Procedures Engagements Performed in Accordance With Statements on Standards for Attestation Engagements," (AICPA, <i>Professional Standards</i>), establishes independence requirements unique to such engagements.

¹ See AU-C section 920, *Letters for Underwriters and Certain Other Requesting Parties* (AICPA, *Professional Standards*).

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engagement when it is in effect and the circumstances addressed by the chapter exist. (Ref: par. 10.A2)	(Ref: par. 10.7)
<p>Preconditions for a Specified Procedures Engagement</p> <p>10.8. In order to establish that the preconditions for a specified procedures engagement are present, the practitioner should determine that the following conditions, in addition to the preconditions identified in chapter 1, are present:²</p> <ul style="list-style-type: none"> a. The engaging party agrees on the procedures performed or to be performed by the practitioner. b. The practitioner determines that the procedures can be performed and reported on in accordance with this chapter. c. The procedures to be applied to the underlying subject matter are expected to result in reasonably consistent findings using the criteria. c. When applicable, the practitioner agrees to apply any materiality limits established by the specified parties for reporting purposes. <p>(Ref: par. 10.A3–10.A4)</p> <p>10.9. The practitioner should not accept a specified procedures engagement when the engaging party does not agree to the procedures performed or to be performed. (Ref: par. 10.A4)</p>	<p>Preconditions for a Specified Procedures Engagement</p> <p>10.A3. To satisfy the requirements that the engaging party agree to the procedures performed or to be performed and acknowledge that the procedures are sufficient for its purposes, the practitioner ordinarily communicates directly with and obtains affirmative acknowledgment from the engaging party. For example, this may be accomplished by meeting with the engaging party or by distributing a draft of the anticipated report or a copy of an engagement letter to the engaging party and obtaining its agreement. I (Ref: par. 10.8)</p> <p>10.A4. By agreeing to the specified procedures (nature, timing, and extent), the engaging party assumes the risk that such procedures might be insufficient for its purposes. In addition, the engaging party assumes the risk that users of the report might misunderstand or otherwise inappropriately use findings properly reported by the practitioner. (Ref: par. 10.8<i>b</i>, 10.9, and 10.12<i>d</i>)</p>
<p>Agreeing on the Terms of the Engagement</p> <p>10.10. The practitioner should agree upon the terms of the engagement with the engaging party. The specified terms of the engagement should be specified in sufficient detail in an engagement letter or other suitable form of written agreement. (Ref: par. 10.A5)</p> <p>10.11. The agreement should be addressed to the engaging party.</p>	<p>Agreeing on the Terms of the Engagement</p> <p>10.A5. It is in the interests of both the engaging party and the practitioner to document the specified 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. (Ref: par. 10.10)</p>

² Paragraphs 1.23–1.27 of chapter 1.

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<p>10.12. The specified terms of the engagement should include the following:</p> <ul style="list-style-type: none"> a. The nature of the engagement b. Identification of the underlying subject matter, the responsible party, and the criteria to be used (Ref: par. 10.A6) c. Identification of the engaging party d. The responsibilities of the practitioner (Ref: par. 10.A7–10.A8) 	<p>10.A6. The criteria may be indicated in the procedures as opposed to described separately. (Ref: par. 10.12b)</p> <p>10.A7. 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 report. (Ref: par. 10.12d)</p> <p>10.A8. The practitioner has no responsibility to determine the differences between the specified procedures to be performed and the procedures that the practitioner would have determined to be necessary had the practitioner been engaged to perform another form of attestation engagement. The procedures that the practitioner agrees to perform pursuant to a specified procedures engagement may be more or less extensive than the procedures that the practitioner would determine to be necessary had the practitioner been engaged to perform another form of engagement. (Ref: par. 10.12d)</p>
<ul style="list-style-type: none"> f. A statement that the engagement will be conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants g. Agreement on procedures by enumerating (or referring to) the procedures h. Disclaimers expected to be included in the practitioner’s report j. Assistance to be provided to the practitioner k. Involvement of a specialist, if applicable l. Specified materiality limits specified by the user, if applicable 	
Procedures to be Performed	Procedures to be Performed

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<p>10.13. The procedures agreed upon pursuant to paragraph 10.12g should specify the nature, timing, and extent of the procedures. (Ref: par. 10.A9-10.A13)</p>	<p>10.A9. The procedures that the practitioner and engaging party agree upon may be as limited or as extensive as the engaging party desires. However, mere reading of specified information about the underlying subject matter does not constitute a procedure sufficient to permit a practitioner to report on the results of applying specified procedures. (Ref: par. 10.13)</p> <p>10.A10. Examples of appropriate procedures include the following:</p> <ul style="list-style-type: none">• Execution of a sampling application after agreeing on relevant parameters• Inspection of specified documents evidencing certain types of transactions or detailed attributes thereof• Confirmation of specific information with third parties• Comparison of documents, schedules, or analyses with certain specified attributes• Performance of specific procedures on work performed by others• Performance of mathematical computations <p>(Ref: par. 10.13)</p> <p>10.A11. 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>(Ref: par. 10.13)</p> <p>10.A12. If the practitioner is selecting a sample, stating the size of the</p>

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<p>10.14. In some circumstances, the procedures agreed upon evolve or are modified over the course of the engagement. In such circumstances, the practitioner should amend the engagement letter or other suitable form of written agreement, as applicable, to reflect the modified procedures.</p>	<p>sample and how the selection was made (after agreement by the engaging party regarding the relevant parameters) contributes to the specificity of the description of procedures performed (for example, 50 items starting at the eighth item and selecting every fifteenth item thereafter or invoices issued from May 1 to July 31, 20XX). (Ref: par. 10.13)</p> <p>10.A13. 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. (Ref: par. 10.13)</p>
<p>10.15. The practitioner should not agree to perform procedures that are open to varying interpretations. 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 specified procedures. (Ref: par. 10.A14)</p>	<p>10.A14. 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 • Trace • Inquire • Recalculate • Observe • Mathematically check <p>Conversely, the following descriptions of actions (unless defined to</p>

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	<p>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>(Ref: par. 10.15)</p>
<p>10.16. The practitioner should obtain evidence from applying the specified 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 Specialist</p> <p>10.17. The practitioner and the engaging party should explicitly agree to the involvement of a practitioner's external specialist assisting a practitioner in the performance of a specified procedures engagement. (Ref: par. 10.A15–10.A17)</p>	<p>Using the Work of a Practitioner's Specialist</p> <p>10.A15. The practitioner's education and experience enable the practitioner to be knowledgeable about business matters in general, but the practitioner is not expected to have the expertise of a person trained for or qualified to engage in the practice of another profession or occupation. In certain circumstances, it may be appropriate to involve a practitioner's specialist to assist the practitioner in the performance of one</p>

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	<p>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 specified 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 specified procedures are applied <p>(Ref: par. 10.17)</p> <p>10.A16. The agreement regarding the involvement of practitioner's external specialists may be reached when obtaining agreement on the procedures performed or to be performed, as discussed in paragraph 10.8<i>b</i>. (Ref: par. 10.17)</p> <p>10.A17. A practitioner may agree to apply procedures to the report or work product of a practitioner's specialist that does not constitute assistance by the specialist to the practitioner in a specified procedures engagement. For example, the practitioner may make reference to information contained in a report of a practitioner's specialist in describing a specified procedure. However, it is inappropriate for the practitioner to agree to merely read the 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 specialist or the specialist's work product. (Ref: par. 10.17)</p>
<p>10.18. The practitioner's report should describe the nature of the assistance provided by the practitioner's specialist.</p>	

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<p>Using the Work of Internal Auditors or Other Practitioners</p> <p>10.19. The specified 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. 10.A18–10.A20)</p>	<p>Using the Work of Internal Auditors or Other Practitioners</p> <p>10.A18. Internal auditors or other personnel may prepare schedules and accumulate data or provide other information for the practitioner's use in performing the specified 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 chapter. (Ref: par. 10.19)</p> <p>10.A19. A practitioner may agree to perform procedures on information documented in the working papers of internal auditors. For example, the practitioner may agree to</p> <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. <p>(Ref: par. 10.19)</p> <p>10.A20. It is inappropriate for the practitioner to</p> <ul style="list-style-type: none"> • agree to merely read the internal auditors' report solely to describe or repeat their findings. • take responsibility for all or a portion of any procedures performed by internal auditors by reporting those findings as the practitioner's own. • report in any manner that implies shared responsibility for the procedures with the internal auditors. <p>(Ref: par. 10.19)</p>
<p>Findings</p> <p>10.20. A practitioner should present the results of applying specified procedures to specific underlying subject matter in the form of findings.</p>	<p>Findings</p>

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<p>10.21. The practitioner's report should not express an opinion or conclusion about whether the underlying subject matter is in accordance with [or based on] the criteria</p>												
<p>10.22. The practitioner should report all findings from the application of the specified procedures. Any specified materiality limits should be described in the practitioner's report. (Ref: par. 10.A21)</p>	<p>10.A21. The concept of materiality does not apply to findings to be reported in a specified procedures engagement unless the definition of materiality is agreed to by the engaging party. An example of language that describes a materiality limit is "For purposes of performing these specified procedures, no exceptions were reported for differences of \$1,000 or less resulting solely from the rounding of amounts disclosed." (Ref: par. 10.22)</p>											
<p>10.23. The practitioner should avoid vague or ambiguous language in reporting findings. (Ref: par. 10.A22)</p>	<p>10.A22. The following table provides examples of appropriate and inappropriate descriptions of findings resulting from the application of certain specified procedures. (Ref: par. 10.23)</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;"><i>Procedures Agreed Upon</i></th> <th style="text-align: center;"><i>Appropriate Description of Findings</i></th> <th style="text-align: center;"><i>Inappropriate Description of Findings</i></th> </tr> </thead> <tbody> <tr> <td style="vertical-align: top;">Inspect the shipment dates for a sample (specified) of specified shipping documents, and determine whether any such dates were subsequent to [date].</td> <td style="vertical-align: top;">No shipment dates shown on the sample of shipping documents were subsequent to [date].</td> <td style="vertical-align: top;">Nothing came to my attention as a result of applying that procedure.</td> </tr> <tr> <td style="vertical-align: top;">Recalculate the number of blocks of streets paved during the year ended [date], shown on contractors' certificates of project completion; compare the resultant</td> <td style="vertical-align: top;">The number of blocks of streets paved in the chart of performance statistics was Y blocks more</td> <td style="vertical-align: top;">The number of blocks of streets paved approximated the number of blocks included in the chart of performance statistics.</td> </tr> </tbody> </table>			<i>Procedures Agreed Upon</i>	<i>Appropriate Description of Findings</i>	<i>Inappropriate Description of Findings</i>	Inspect the shipment dates for a sample (specified) of specified shipping documents, and determine whether any such dates were subsequent to [date].	No shipment dates shown on the sample of shipping documents were subsequent to [date].	Nothing came to my attention as a result of applying that procedure.	Recalculate the number of blocks of streets paved during the year ended [date], shown on contractors' certificates of project completion; compare the resultant	The number of blocks of streets paved in the chart of performance statistics was Y blocks more	The number of blocks of streets paved approximated the number of blocks included in the chart of performance statistics.
<i>Procedures Agreed Upon</i>	<i>Appropriate Description of Findings</i>	<i>Inappropriate Description of Findings</i>										
Inspect the shipment dates for a sample (specified) of specified shipping documents, and determine whether any such dates were subsequent to [date].	No shipment dates shown on the sample of shipping documents were subsequent to [date].	Nothing came to my attention as a result of applying that procedure.										
Recalculate the number of blocks of streets paved during the year ended [date], shown on contractors' certificates of project completion; compare the resultant	The number of blocks of streets paved in the chart of performance statistics was Y blocks more	The number of blocks of streets paved approximated the number of blocks included in the chart of performance statistics.										

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

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

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	<p>Confirm with the banks the cash on deposit as of [date]. Compare the balance confirmed by the bank to the amount shown on the bank reconciliations.</p>	<p><i>management</i>, the [date] bank reconciliations. Obtained bank confirmations of the cash on deposit as of [date]. Compared the balance confirmed by the bank to the amount shown on the bank reconciliations. [List all exceptions.]</p>	<p>attention as a result of applying the procedures.</p>
<p>Written Representations</p> <p>10.24. The practitioner should request from the responsible party written representations in the form of a letter addressed to the practitioner. The representations should</p> <ul style="list-style-type: none"> a. state that all known matters contradicting the underlying subject matter and any communication from regulatory agencies or others affecting the underlying subject matter have been disclosed to the practitioner, including communications received between the end of the period covered by the report and the date of the practitioner's report. c acknowledge responsibility for <ul style="list-style-type: none"> i. the underlying subject matter, ii. selecting the criteria, when applicable, and d. state that it has provided the practitioner with access to all records relevant to the underlying subject matter and the specified procedures. 	<p>Written Representations</p> <p>10.A23. Written confirmation of oral representations reduces the possibility of misunderstandings between the practitioner and the responsible party. The person(s) from whom the practitioner requests written representations is ordinarily a member of senior management or those charged with governance depending on, for example, the management and governance structure of the responsible party(ies), which may vary by entity, reflecting influences such as size and ownership characteristics. (Ref: par. 10.24)</p>		

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<p>e. state that the responsible party has disclosed to the practitioner other matters as the practitioner deems appropriate.</p> <p>(Ref: par. 10.A23-0)</p> <p>10.25. When the engaging party is not the responsible party, and the responsible party refuses to provide the representations in paragraph 10.24 in writing, the practitioner should make inquiries of the responsible party about, and seek oral responses to, the matters in paragraph 10.24.</p> <p>10.26. The date of the written representations should be as of the date of the practitioner's agreed- upon procedures report. The written representations should address the subject matter and periods referred to in the practitioner's report.</p> <p>Requested Written Representations Not Provided or Not Reliable</p> <p>10.27. When the engaging party is the responsible party, and one or more of the requested written representations are not provided; or the practitioner concludes that there is sufficient doubt about the competence, integrity, ethical values, or diligence of those providing the written representations; or the practitioner concludes that the written representations are otherwise not reliable; the practitioner should</p> <ul 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, if any, on the engagement; and c. if any of the matters are not resolved to the practitioner's satisfaction, take appropriate action. (Ref: par. 10.A24) <p>10.28. When the engaging party is not the responsible party</p>	<p>Requested Written Representations Not Provided or Not Reliable</p> <p>10.A24. Appropriate actions the practitioner might consider in the circumstances described in paragraph 10.27 include</p> <ul style="list-style-type: none"> • withdrawing from the engagement • determining the effect on the practitioner's report. <p>(Ref: par. 10.27c)</p> <p>10.A25. Documentation requirements regarding the responsible party's oral responses to the practitioner's inquiries about the matters in paragraph 10.24 are included in paragraph 10.39b (iii). (Ref: par. 10.28 and 10.39b(iii))</p> <p>10.A26. Appropriate action the practitioner might consider in the</p>

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<p>a. If one or more of the requested representations in paragraph 10.24 are not provided in writing by the responsible party, the practitioner should make inquiries of the responsible party about, and seek oral responses to, the matters in paragraph 10.24.</p> <p>b. If one or more of the requested representations are not provided in writing or orally from the responsible party, the practitioner should take appropriate action. (Ref: par. 10.A26)</p>	<p>circumstances described in paragraph 10.28b include</p> <ul style="list-style-type: none"> • withdrawing from the engagement • determining the effect on the practitioner's report (Ref: par. 10.28b)
<p>10.29. When the engaging party is not the responsible party, the practitioner should request written representations from the engaging party, in addition to those requested from the responsible party, in the form of a letter addressed to the practitioner. The representations should</p> <ul style="list-style-type: none"> a. acknowledge the engaging party's responsibility for selecting the criteria, when applicable. b. acknowledge the engaging party's responsibility for determining that such criteria are appropriate for its purposes. c. state that the engaging party is not aware of any material misstatements (or deviations) in the underlying subject matter. d. state that the engaging party has disclosed to the practitioner all known events subsequent to the period (or point in time) of the underlying subject matter being reported on that would have a material effect on the underlying subject matter. e. acknowledge that the responsible party is responsible for the underlying subject matter. f. address other matters as the practitioner deems appropriate. 	
<p>Preparing the Report</p>	
<p>10.30. The report should be in writing.</p> <p>10.31. The practitioner's report on specified procedures should be in the form of procedures and findings</p>	
<p>Report Content</p>	<p>Report Content</p> <p>10.A27. This chapter does not require a standardized format for reporting on all specified procedures engagements. Instead it identifies the basic</p>

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<p>10.32. The practitioner's specified procedures report should include the following: (Ref: par.10.A27–10.A32)</p> <ul style="list-style-type: none"> a. A title that includes the word independent (Ref: par. 10.A28) b. An appropriate addressee as required by the circumstances of the engagement 	<p>elements that the specified procedures report is to include. Specified procedures reports are tailored to the specific engagement circumstances. The practitioner may use headings, separate paragraphs, paragraph numbers, typographical devices (for example, the bolding of text), and other mechanisms to enhance the clarity and readability of the specified procedures report. (Ref: par. 10.32)</p> <p>10.A28. A title indicating that the specified procedures report is the report of an independent practitioner (for example, "Independent Practitioner's Report," "Report of Independent Certified Public Accountant," or "Independent Accountant's Report") affirms that the practitioner has met all of the relevant ethical requirements regarding independence and, therefore, distinguishes the independent practitioner's report from reports issued by others. (Ref: par. 10.32a)</p>
<ul style="list-style-type: none"> c. An identification of the underlying subject matter and the nature of a specified procedures engagement (Ref: par. 10.A29) d. An identification of the engaging party e. A statement that the procedures performed were those agreed to by the engaging party identified in the report f. A statement that identifies the responsible party and its responsibility for the underlying subject matter g. A statement that the practitioner makes no representation regarding the sufficiency of the procedures either for the purpose for which the report has been requested or for any other purpose h. A list of the procedures performed (or reference thereto) and related findings (The practitioner should not provide a conclusion. See paragraph 10.21.) i. When applicable, a description of any specified materiality limits 	<p>10.A29. A practitioner may be asked to apply specified procedures to more than one underlying subject matter. In these engagements the practitioner may issue one report that refers to all underlying subject matter covered or presented. (Ref: par. 10.32c)</p>
<ul style="list-style-type: none"> j. A statement that <ul style="list-style-type: none"> i. the specified procedures engagement was conducted in 	<p>10.A30. If the underlying subject matter consists of elements, accounts, or items of a financial statement, the report might instead state that the</p>

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<p>accordance with the attestation standards established by the American Institute of Certified Public Accountants.</p> <p>ii. the practitioner was not engaged to and did not conduct an examination or review of the underlying subject matter.</p> <p>iii. the practitioner does not express an opinion or conclusion on the underlying subject matter as a whole.</p> <p>iv. had the practitioner performed additional procedures, other matters might have come to the practitioner's attention that would have been reported. (Ref: par. 10.A30)</p>	<p>specified procedures do not constitute an audit [or a review] of financial statements or any part thereof, the objective of which is the expression of an opinion [or conclusion] on the financial statements or a part thereof. (Ref: par. 10.32j)</p>
<p>k. When applicable, reservations or restrictions concerning procedures or findings (Ref: par. 10.A31)</p>	<p>10.A31. The practitioner also may include a separate paragraph(s) about matters such as 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 specified procedures • Description of the condition of records, controls, or data to which the procedures were applied • Explanation that the practitioner has no responsibility to update the practitioner's report • Explanation that the sample may not be representative of the population <p>(Ref: par. 10.32k)</p>
<p><i>l</i> When applicable, a description of the nature of the assistance provided by a practitioner's specialist, as discussed in paragraphs 10.17–10.18</p> <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. 10.A32)</p> <p><i>o</i> The date of the report (The report should be dated no earlier than</p>	<p>10.A32. 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. (Ref: par. 10.32n)</p>

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<p>the date on which the practitioner completed the procedures and determined the findings, including that</p> <ul style="list-style-type: none"> i. the engagement documentation has been reviewed, and ii. if applicable, the written presentation of the underlying subject matter has been prepared 	
<p><i>Restricted Use Paragraph</i> 10.33. In the following circumstances, the practitioner's report should include an alert in a separate paragraph that restricts the use of the report:</p> <ul style="list-style-type: none"> a. The practitioner determines that the criteria used to evaluate the underlying 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. b. The criteria used to evaluate the underlying subject matter are available only to specified parties. c. The engaging party is not the responsible party, and the responsible party does not provide the written representations required by paragraph 10.24, but does provide the oral responses to the practitioner's inquiries about the matters in paragraph 10.24, as provided for in paragraph 10.25. <p>(Ref: par. 10.A33–10.A35)</p> <p>10.34. The alert should</p> <ul style="list-style-type: none"> a. state that the report is intended solely for the information and use of the specified parties; b. identify the specified parties for whom use is intended; and c. state that the practitioner's report is not intended to be and should not be used by anyone other than the specified parties. 	<p><i>Restricted Use Paragraph</i></p> <p>10.A33. Reports on specified procedures engagements for which the conditions in paragraph 10.33 do not apply need not include an alert that restricts their use. However, nothing in the attestation standards precludes a practitioner from including such an alert in any specified procedures report or other practitioner's written communication. (Ref: par. 10.33)</p> <p>10.A34. A practitioner's report that is required by paragraph 10.33 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. (Ref: par. 10.33)</p> <p>10.A35. A practitioner may also issue a single combined report that includes (a) reports that are required by paragraph 10.33 to include an alert that restricts their use, and (b) reports that are for general use. If these two types of reports are clearly differentiated within the combined report, such as through the use of appropriate headers, the alert that restricts the use of the practitioner's report may be limited to the report required by paragraph 10.33 to include such an alert. In such circumstances, the use of the general use report is not affected. (Ref: par. 10.33)</p> <p>10.A36. 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. (Ref: par.</p>

Requirements	Application and Other Explanatory Material
<p>(Ref: par. 10.A36–10.A39)</p> <p>10.35. When the engagement is also performed in accordance with <i>Government Auditing Standards</i>, the alert that restricts the use of the report should include the following information rather than the information required by paragraph 10.34:</p> <ul style="list-style-type: none"> i. A description of the purpose of the practitioner's report and ii. A statement indicating that the practitioner's report is not suitable for any other purpose. 	<p>10.34b)</p> <p>10.A37. In some cases the criteria used to measure or evaluate the underlying subject matter may be designed for a specific purpose. For example, a regulator may require certain entities to use particular criteria designed for regulatory purposes. To avoid misunderstandings, the practitioner alerts users of the report to this fact and that, therefore, the report is intended solely for the information and use of the specified parties. (Ref: par. 10.34c)</p> <p>10.A38. The alert that restricts the use of the practitioner's written report is designed to avoid misunderstandings related to the use of the practitioner's written report, particularly if the practitioner's written report is taken out of the context in which the practitioner's written report is intended to be used. A practitioner may consider informing the responsible party and, if different, the engaging party or other specified parties that the practitioner's written report is not intended for distribution to parties other than those specified in the practitioner's written report. The practitioner may, in connection with establishing the terms of the engagement, reach an understanding with the responsible party or, if different, the engaging party that the intended use of the practitioner's written report will be restricted and may obtain the responsible party's agreement that the responsible party and specified parties will not distribute such practitioner's report to parties other than those identified therein. A practitioner is not responsible for controlling, and cannot control, distribution of the practitioner's report after its release. (Ref: par. 10.34)</p> <p>10.A39. In some cases restricted-use reports filed with regulatory agencies are 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 restricted-use reports in which they are not named as a specified party. (Ref: par. 10.34)</p>
<p>Restrictions on the Performance of Procedures</p>	<p>10.A40. The practitioner also may include a separate paragraph(s) in the report about matters such as the following:</p>

Requirements	Application and Other Explanatory Material
<p>10.36. When circumstances impose restrictions on the performance of the specified procedures, the practitioner should attempt to obtain agreement from the engaging party for modification of the specified procedures. When such agreement cannot be obtained (for example, when the specified procedures are published by a regulatory agency that will not modify the procedures), the practitioner should describe any restrictions on the performance of procedures in the specified procedures report or withdraw from the engagement.</p>	<ul style="list-style-type: none"> • Disclosure of stipulated facts, assumptions, or interpretations (including the source thereof) used in the application of specified procedures • Description of the condition of records, controls, or data to which the procedures were applied • Explanation that the practitioner has no responsibility to update the practitioner's report • Explanation that the sample may not be representative of the population <p>(Ref: par. 10.32m)</p>
<p>Knowledge of Matters Outside Specified Procedures</p> <p>10.37. Although the practitioner need not perform procedures beyond the specified procedures, if in connection with the application, and through the completion, of the specified procedures engagement, matters come to the practitioner's attention by other means that significantly contradict the underlying subject matter referred to in the practitioner's report, the practitioner should include this matter in the practitioner's report. (Ref: par. 10.A41-10.A42)</p>	<p>Knowledge of Matters Outside Specified Procedures</p> <p>10.A41. For example, if, during the course of applying specified procedures regarding an entity's internal control, the practitioner becomes aware of a material weakness by means other than performance of the specified procedures, this matter would be included in the practitioner's report. (Ref: par. 10.37)</p> <p>10.A42. When the practitioner applies specified procedures to an element, account, or item of a financial statement and has performed (or has been engaged to perform) an audit of the entity's related financial statements, and the auditor's report on such financial statements includes a departure from the standard report, the practitioner may include a reference to the auditor's report and the departure from the standard report in the practitioner's specified procedures report. (Ref: par. 10.37)</p>
<p>Communication Responsibilities</p> <p>10.38. The practitioner should communicate to the responsible party fraud or 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>Communication Responsibilities</p>
<p>Documentation</p>	<p>10.A43. The practitioner need not include in the engagement file superseded drafts of working papers, notes that reflect incomplete or</p>

Requirements	Application and Other Explanatory Material
<p>10.39. The practitioner should prepare engagement documentation that is sufficient to determine</p> <ul style="list-style-type: none"> a. the engaging party's agreement on the procedures. b. the nature, timing, and extent of the procedures performed to comply with relevant chapters of the attestation standards 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 is the responsible party and the responsible party will not provide one or more of the requested written representations or the practitioner concludes that there is sufficient doubt about the competence, integrity, ethical values, or diligence of those providing the written representations; or that the written representations are otherwise not reliable, the matters in paragraph 10.27a–c iii. when the engaging party is not the responsible party and the responsible party will not provide the written representations regarding the matters in paragraph 10.24, the oral responses from the responsible party to the practitioner's inquiries regarding the matters in paragraph 10.24, in accordance with paragraph 10.28; and (Ref: par. 10.A25) iv. who reviewed the engagement work performed and the date and extent of such review. c. the results of the procedures performed and the evidence obtained. 	<p>preliminary thinking, previous copies of documents corrected for typographical or other errors, and duplicates of documents. (Ref: par.10.39)</p>

10.A44.

Exhibit—Illustrative Specified Procedures Reports

The illustrative specified procedures reports in this exhibit meet the applicable reporting requirements in paragraphs 10.32 10.32–10.37 A practitioner may use alternative language in drafting a specified procedures report, provided that the language meets the applicable requirements in paragraphs 10.32 10.32–10.37. Example 1 is an illustrative specified procedures report related to a Statement of Investment Performance Statistics.

Example 1—Specified Procedures Report Related to a Statement of Investment Performance Statistics

Independent Accountant’s Report on Applying Specified Procedures

[Appropriate Addressee]

We have performed the procedures enumerated below, which were agreed to by management of XYZ Fund on the accompanying Statement of Investment Performance Statistics of XYZ Fund for the year ended December 31, 20X1. Management of XYZ Fund is responsible for the Statement of Investment Performance Statistics. We make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

[Include paragraphs to enumerate procedures and findings.]

This specified procedures engagement was conducted in accordance with the 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 underlying subject matter, 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. 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.

[Additional paragraph(s) may be added to describe other matters.]

[Practitioner’s signature]

[Practitioner’s city and state]

[Date of practitioner’s report]