



Agenda Item 4D

Redline to show changes from January 2017 Draft

“Selected Procedures Engagements”

Requirements	Application and Other Explanatory Material
<p>Introduction</p> <p>X.1 This proposed standard contains performance and reporting requirements and application guidance for all selected procedures engagements. The requirements and guidance in this proposed standard supplements the requirements and guidance in the proposed At-CN section, <i>Concepts Common to All Non-Assurance Based Attestation Engagements</i> AT-C section 105.</p> <p>X.2 A selected procedures engagement is one in which a practitioner is engaged to issue, or does issue, a practitioner’s selected procedures report of findings based on selected procedures applied to subject matter. In a selected procedures engagement, the practitioner performs procedures and issues a report on the procedures performed and related findings. Individual users of the selected procedures report would make their own determination as to how the report is to be used and relied upon based on the procedures performed and the related findings. The selected procedures may be developed by the practitioner, the engaging party, another party, or a combination of these parties none of which are required to take responsibility for the sufficiency of those procedures, however any or all may take such responsibility. In a</p>	<p>Introduction (Ref: par. X.1 and X.2- X.3)</p> <p>X.A1 The specified procedures may be developed by the practitioner, the engaging party, another party, or a combination of these parties.</p> <p>X.A2 The fundamental differences between a selected procedures engagement and an agreed-upon procedures engagement are</p> <ul style="list-style-type: none"> • An agreed-upon procedures engagement is predicated on the concept that a party other than the practitioner makes an assertion about whether the subject matter is measured or evaluated in accordance with suitable criteria. A selected procedures engagement does not require the practitioner to request or obtain an assertion from any party. • In an agreed-upon procedures engagement, the use of the practitioner’s report is required to be restricted to the specified parties. In a selected procedures engagement, the practitioner’s report will often be unrestricted. • In a selected procedures engagement, the specific procedures need not be determined prior to practitioner being engaged.

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<p>selected procedures engagement, the practitioner does not perform an direct non-assertion based examination or a direct non-assertion based review and does not provide an opinion or conclusion. In addition, a selected procedures engagement is not an agreed-upon procedures engagement.¹ The selected procedures report may be intended for a broad range of users and is not required to be restricted as to use. (Ref: par. X.A1-X.A3)</p> <p>X.3 A selected procedures engagement is not an agreed-upon procedures engagement.¹ The fundamental differences between a selected procedures engagement and an agreed-upon procedures engagement are (Ref: par. X.A2)</p> <ul style="list-style-type: none"> • In a selected procedures engagement, the specific procedures need not be determined prior to the practitioner being engaged and the practitioner’s responsibilities may include developing the procedures to be performed. • In a selected procedures engagement, no party is required to take responsibility for the sufficiency of the procedures performed. However the practitioner, the engaging party, or another party may take such responsibility • A selected procedures engagement does not require the practitioner to request or obtain an assertion from any party. • In a selected procedures engagement, the practitioner’s report is not required to be restricted. <p>^{fn1} AT-C section 215, <i>Agreed-Upon Procedures Engagements</i> provides performance and reporting requirements and application guidance for an agreed-upon procedures engagement.</p> <p>Scope of This Standard</p>	<p>X.A1 The procedures to be performed may be as limited or as extensive as determined to be appropriate to meet the purpose of the engagement.</p> <p>X.A3-A2 Nothing in this standard is intended to preclude a practitioner from performing a selected procedures engagement and an agreed-upon procedures engagement on the same subject matter.</p> <p>Scope of This Standard (Ref: par. X.24)</p> <p>X.A4-A3 Another form of service may include an audit, review, compilation, or preparation of financial statements; an <u>assertion or non-assertion based</u> examination, <u>assertion or non-assertion based</u> review, or agreed-upon procedures engagement performed pursuant to the attestation standards; or a nonattest service other than financial statement preparation such as engagements performed in accordance with Statement on Standards for Consulting Services. A practitioner’s selected procedures report may be combined with a practitioner’s report on such other services, provided the</p>

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<p>X.2-4 When a practitioner performs services pursuant to an engagement to apply selected procedures to subject matter as part of or in addition to another form of service, this proposed standard applies only to those services described herein; other professional standards would apply to the other services. (Ref: par. X.A4A3)</p>	<p>types of services can be clearly distinguished and the applicable standards for each service are followed.</p>
<p>Objectives</p> <p>X.3-5 In conducting a selected procedures engagement, the objectives of the practitioner are to</p> <ol style="list-style-type: none"> a. apply <u>procedures</u> to the subject matter procedures that the engaging party acknowledges; and (Ref: par. A1) b. issue a written practitioner’s report that describes the procedures applied and the practitioner’s findings. 	
<p>Requirements</p>	
<p>Conduct of a Selected Procedures Engagement</p> <p>X.4 6 In performing a selected procedures engagement, the practitioner should comply with this section and [reference to Common Concepts section]<u>AR-CN section Y, Concepts Common to All Non-Assertion Based Attestation Standards.</u></p>	
<p>Agreeing on the Terms of the Engagement</p> <p>X.5-7 <u>In accordance with paragraph .28 of the proposed Concepts Common to All Non-Assertion Based Attestation Engagements, the practitioner should agree upon the terms of the engagement with the engaging party. The agreed-upon terms of the engagement should be specified in sufficient detail in an engagement letter or other suitable form of written agreement and should include the following:</u> (Ref: par. X.A4)</p> <ol style="list-style-type: none"> a. The objectives of a selected procedures engagement from paragraph X.35 <u>b.a.</u> Identification of the intended purpose of the engagement, the subject matter, and, if applicable, the criteria to be used (Ref: par. X.A5) 	<p>Agreeing on the Terms of the Engagement (Ref: par. X.57, X.9, X.18b, and X.25)</p> <p>X.A4 <u>It is in the interests of both the engaging party and the practitioner that the practitioner communicates in writing the agreed terms of the engagement before the commencement of the engagement to help avoid misunderstandings. The form and content of the written agreement or contract will vary with the engagement circumstances.</u></p> <p>X.A5 <u>The intended purpose of the engagement is the use for which the practitioner’s report is intended. For example, the intended purpose may be stated as “to assist users of this report in assessing whether [the subject</u></p>

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<p><u>b.</u> Identification of the engaging party</p> <p><u>c.</u> Identification of the party that is responsible for the subject matter of the engagement, if applicable (Ref: par. X. A5)</p> <p>e.d. Identification of the party that will take responsibility for the sufficiency of the procedures or a statement that no party takes such responsibility</p> <p>e.e. The responsibilities of the engaging party –(Ref: par. X. A6) <u>which include, when relevant</u> applicable</p> <p style="padding-left: 40px;">— <u>The subject matter (Ref: par. A4)</u></p> <p>i. <u>The accuracy and completeness of the records, documents, explanations, and other information, including significant judgments, the engaging party provides the practitioner for the engagement</u></p> <p>ii. <u>The prevention</u> Preventing and detection of detecting fraud</p> <p>iii. <u>Ensuring that the entity complies</u> Complying with laws and regulations applicable to the entity its activities</p> <p>iv. Providing the practitioner with</p> <p style="padding-left: 40px;">1. <u>Prior to the conclusion of the engagement, a written acknowledgment e</u> regarding the engaging party’s awareness understanding of the procedures performed</p> <p style="padding-left: 40px;">2. <u>Access to all information of which the engaging party is aware that is relevant to the engagement,</u></p>	<p><u>matter] is [performed, presented] in accordance with [the criteria to be used].”</u></p> <p>X. <u>A5</u> If applicable, the criteria may be indicated in the procedures as opposed to described separately.</p> <p>X. <u>A6</u> The responsibilities of the engaging party included in the agreed-upon terms of the engagement may include <u>There may be circumstances in which no party accepts is responsibility</u> responsible for the subject matter of the engagement. <u>For example, the practitioner may be engaged to perform selected procedures with respect to a benchmarking project in which multiple entities may be responsible for certain aspects of the project</u></p> <p>a. The subject matter</p> <p>b. The prevention and detection of fraud</p> <p>c. Ensuring that the entity complies with laws and regulations applicable to its activities</p> <p>d. The accuracy and completeness of the records, documents, explanations, and other information, including significant judgments, the engaging party provides the practitioner for the engagement</p> <p>e. Providing the practitioner with</p> <ul style="list-style-type: none"> • Access to all information of which the engaging party is aware that is relevant to the engagement, such as records, documents, and other matters • Additional information that the practitioner may request from the engaging party for the purpose of the selected procedures engagement • Unrestricted access to persons of whom the practitioner determines it necessary to make inquiries <p>X. <u>A7</u> Where <u>When</u> applicable, the practitioner’s responsibilities may also include developing the procedures to be performed. <u>However, the</u></p>

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	<p>applicable only when the practitioner is aware of, or establishes, such materiality limits at the onset of the engagement, for <u>For</u> example, that exceptions will not be reported for differences less than \$1,000 that are due to rounding. Materiality limits may be obtained from, or agreed upon by, the engaging party after agreement on the terms of the engagement.</p>
<p>X.6 <u>8</u> The engagement letter or other suitable form of written agreement should be addressed to the engaging party and should be signed by</p> <p>a. The practitioner or the practitioner’s firm and b. The engaging party</p>	
<p>Procedures to be Performed</p> <p>X.7-9 <u>X.7-9</u> The practitioner should perform selected procedures <u>that are intended to meet taking into account the purpose of the engagement and that are specific as to their nature, timing, and extent.</u> (Ref: par. A7 and A.A11-X.A15)</p> <p>X.8 <u>X.8</u> The procedures performed pursuant to paragraph X.7 <u>X.7</u> should specify the nature, timing, and extent of the procedures. (Ref: par. X.A11-X.A15)</p>	<p>Procedures to be Performed (Ref: par. X.89-X.910)</p> <p>X.A11 <u>X.A11</u> The procedures to be performed may be as limited or as extensive as determined to be appropriate to meet the purpose of the engagement. However, m Mere reading of specified information about the subject matter does not constitute a procedure sufficient to permit a practitioner to report on the results of selected procedures.</p> <p>X.A12 <u>X.A12</u> Examples of appropriate procedures include the following:</p> <ul style="list-style-type: none"> • Execution of a sampling application in accordance with 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

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<p>X.9 The practitioner should utilize professional judgment in making a determination as to whether the <u>descriptions of the</u> selected procedures are sufficiently precise and clear. The practitioner should not perform procedures that are open to varying interpretations or</p>	<ul style="list-style-type: none"> • Performance of mathematical computations <p>X.A13 <u>For purposes of reporting,</u> Eexamples 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>X.A14 If the practitioner is selecting a sample, <u>the procedures may stating state</u> the size of the sample and how the selection was made, <u>as this</u> contributes to the specificity of the description of procedures performed (for example, 50 items starting at the eighth item and selecting every fifteenth item thereafter or invoices issued from May 1 to July 31, 20XX).</p> <p>X.A15 Examples of other information the practitioner may include <u>in the procedures</u> are the date the procedure was performed and the sources of information used in performing the procedure.</p> <p>X.A16 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 • Compare

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<p>that use vague or ambiguous language. Terms of uncertain meaning (such as <i>general review</i>, <i>limited review</i>, <i>check</i>, or <i>test</i>) should not be used in describing the procedures. (Ref: par. X.10A16)</p>	<ul style="list-style-type: none"> • Agree • Trace • Inquire • Recalculate • Observe • Mathematically check <p>Conversely, the following descriptions of actions (unless defined to indicate the nature, timing, and extent of the procedures associated with these actions) generally are not acceptable because they are not sufficiently precise or may have an uncertain meaning:</p> <ul style="list-style-type: none"> • Note • Review • Evaluate • Analyze • Interpret • Verify • Examine • Validate • Certify
<p>X.10-11 The practitioner should obtain <u>sufficient</u> evidence from applying the selected procedures to provide a reasonable basis for the finding or findings expressed in the practitioner’s report but need not perform additional procedures outside of the scope of the engagement to gather additional evidence.</p>	
<p>Using the Work of a Practitioner’s External Specialist</p>	<p>Using the Work of a Practitioner’s External Specialist (Ref: par. X.1112)</p>

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<p>X.11-12 If a practitioner’s external specialist is engaged to assist the practitioner in planning or performing a selected procedures engagement, the practitioner’s report should describe the nature of the assistance provided by the external specialist. (Ref: par. X.A17-X.A19)</p>	<p>X.17 The practitioner may engage an external specialist to assist in designing <u>the</u> selected procedures to be performed.</p> <p>X.A18 The practitioner’s education and experience enable the practitioner to be knowledgeable about business matters in general, but the practitioner is not expected to have the expertise of a person trained for or qualified to engage in the practice of another profession or occupation. In certain circumstances, it may be appropriate to involve a practitioner’s external specialist to assist the practitioner in the <u>design or</u> performance of one or more procedures. The following are examples of such circumstances.</p> <ul style="list-style-type: none"> • An attorney providing assistance concerning the interpretation of legal terminology in laws, regulations, rules, contracts, or grants • A medical specialist providing assistance in understanding the characteristics of diagnosis codes documented in patient medical records • An environmental engineer providing assistance in interpreting environmental remedial action regulatory directives that may affect the selected 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 selected procedures are applied <p>X.A19 A practitioner may decide to apply procedures to the report or work product of an external specialist that does not constitute assistance by the external specialist to the practitioner in a selected procedures engagement. For example, the practitioner may make reference to information contained in a report of a practitioner’s external specialist in describing a procedure. However, it is inappropriate for the practitioner to merely read the external specialist’s report solely to describe or repeat the findings <u>in the practitioner’s report</u> or to take responsibility for all or a portion of any</p>

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	procedures performed by an external specialist or the external specialist's work product.
<p>Responsibility for the Work Performed by Using the Work of Internal Auditors or Other Practitioners</p>	<p>Responsibility for the Work Performed by Internal Auditors Using the Work of Internal Auditors or Other Practitioners (Ref: par. X.13)</p>
<p>X.12–13 While the practitioner may utilize the work product of internal auditors in the performance of the engagementselected procedures, the selected procedures to be enumeratedlisted or referred to in the practitioner's report should be performed entirely by the engagement team or other practitioners. (Ref: par. X.A20–X.A22)</p>	<p>Using the Work of Internal Auditors (Ref: par. X.12)</p> <p>X.A20 Internal auditors or other personnel may prepare schedules and accumulate data or provide other information for the practitioner's use in performing the selected procedures.</p> <p>X.A21 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 proposed standard. It is inappropriate for the practitioner to</p> <ul style="list-style-type: none"> • merely read the internal auditors' report solely to describe or repeat their findings. • take responsibility for all or a portion of any procedures performed by internal auditors by reporting those findings as the practitioner's own. • report in any manner that implies shared responsibility for the procedures with the internal auditors. <p>X.A22 A practitioner may perform procedures on information documented in the working papers of internal auditors. For example, the practitioner may</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>Communication with Obtaining an Acknowledgment of the Engaging Party's Regarding Awareness Understanding of the Procedures Performed</p>	<p>Communication with Obtaining an Acknowledgment of the Engaging Party's Regarding Awareness Understanding of the Procedures Performed (Ref: par. X.13–14 and X.18)</p>

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<p>X.13-14 Prior to the issuance of the selected procedures report, the practitioner should obtain a written acknowledgment from the engaging party regarding <u>their awareness/understanding of</u> the procedures performed (Ref: par. X.A23-X.A25<u>A26</u>).</p>	<p>X.A23 The engaging party's acknowledgment of its awareness/understanding of the procedures performed does not constitute the engaging party accepting responsibility for the sufficiency of the procedures.</p> <p>X.A23-A24 The practitioner's communication with the engaging party party's acknowledgment of its understanding of the procedures performed enables the engaging party, if not already aware, to be made aware of the specific procedures performed and affords the engaging party an opportunity to suggest additional procedures that the engaging party may feel are appropriate in order to meet the purpose of the engagement.</p> <p>X.A24<u>A25</u> In addition to the engaging party, the practitioner may also consider it appropriate to communicate with other parties regarding the procedures performed.</p> <p>X.A25-A26 The written acknowledgment of the procedures performed may be documented in the engagement letter, an amendment to the engagement letter, in a representation letter, or some other written communication.</p>
<p>Findings</p> <p>X.14-15 The practitioner should present the results of applying selected procedures to subject matter in the form of findings.</p>	<p>Findings (Ref: par. X.15<u>16-X.16</u><u>17</u>)</p>
<p>X.15-16 The practitioner should report all findings from the application of the selected procedures. Any materiality limits should be described in the practitioner's report. (Ref: par. X.A26-A27 and X.A29)</p> <p>X.16 <u>The practitioner should consider whether the procedures and related findings result in a misleading selected procedures report. If, as a result of performing procedures, the practitioner determines that the description of the procedures performed or the corresponding findings result in a misleading selected procedures report, the practitioner should discuss the matter with the engaging party and take appropriate action. (Ref: par. X.A27)</u></p>	<p>X.A26-A27 An example of language in the practitioner's report that describes a materiality limit is "For purposes of reporting the findings from these selected procedures, exceptions of \$1,000 or less resulting solely from the rounding of amounts disclosed are not considered findings."</p> <p>X.A27 <u>An appropriate action that the practitioner may take when the practitioner determines that the description of the procedures performed or the corresponding findings result in a misleading selected procedures report may include revising the procedures or omitting a finding (for example, as a result of an established materiality limit for reporting exceptions when exceptions were identified as a result of rounding differences). If appropriate revisions are not made to the procedures or the findings, the practitioner may determine it is necessary to withdraw from the engagement and inform the engaging party for the reasons for withdrawing.</u></p>

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<p>X₂.17 In reporting findings, the practitioner should (Ref: par. X₂.A30)</p> <p>a. Not use vague or ambiguous language; (Ref: par. X₂.A28)</p> <p>b. Not include terms of uncertain meaning (Ref: par. X₂.A29)</p> <p>c. Not express an opinion or conclusion.</p>	<p>X₂.A28 Because the selected procedures report is not required to be restricted as to use, the practitioner cannot ascertain the understanding of users of an unknown population. Therefore, to avoid vague or ambiguous language, the findings are <u>described</u> at a level of specificity sufficient for a reader-user to understand the nature and extent of the procedures and findings.</p> <p>X₂.A29 If, in the practitioner’s judgment, certain terms are potentially uncertain in meaning, the practitioner may consider whether a glossary is appropriate in the circumstances.</p> <p>X₂.A30 <u>When a procedure is written in sufficient detail, the finding may be very brief, as the practitioner does not need to repeat the procedure in describing the result. When there are no exceptions, common descriptions of results are:</u></p> <ul style="list-style-type: none"> <u>• No exceptions were noted.</u> <u>• No exceptions were [noted/found/identified] as a result of applying the procedure.</u> <p><u>It is acceptable to repeat part of the procedure in the finding, for example:</u></p> <ul style="list-style-type: none"> <u>• No shipment dates shown on the sample of shipping documents were subsequent to [date].</u> <u>• All outstanding invoice numbers, dates, and amounts agreed with the corresponding fields on the “over 90 days” column of the schedule.</u> <p><u>If the practitioner identifies exceptions in applying the procedures, the reports states them and provides some detail about the item or items involved, for example:</u></p> <ul style="list-style-type: none"> <u>• We found 14 out of the 15 items to be in agreement; the one item that did not agree contained an incorrect address.</u> <u>• The amount recalculated as a result of performing the procedure was \$xxx, which did not agree with the amount of \$yyyy on the [describe supporting document].</u>

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	<ul style="list-style-type: none"> • <u>Of the 30 selections made, two [insert attribute, such as amounts, dates, names] did not agree from the [describe the supporting documentation] to the [describe the supporting documentation].</u> <p><u>A finding written as to appear to be a representation of fact or a conclusion would not be appropriate, for example:</u></p> <ul style="list-style-type: none"> • <u>A result stating “We observed/found/determined/calculated the current ratio of X Company at December 31, 20X4 was 2:1.” could be considered a representation of fact and is not appropriate. An appropriate description of the result could be stated as “We recalculated the current ratio of X Company at December 31, 20X4 as 2:1.”</u> • <u>A result stating “We have observed/found/determined the net sales of X Company for the year 20X4 were \$X” could be considered a representation of fact and is not appropriate.</u> <p><u>Additionally, terms that might be construed as communicating assurance, such as “reasonable” or “adequate,” or that the results of applying the procedure were “close enough,” would not be appropriate. For example, it is inappropriate to state:</u></p> <ul style="list-style-type: none"> • <u>The [number of blocks of streets paved] per the [supporting documentation] approximated the [number of blocks of streets paved] included in the chart of performance statistics for the year ended [date].</u> • <u>All [classification codes] appear to comply with the requirements in the contract.</u> • <u>The results using terms such as “minor,” “immaterial,” “material,” or “significant,” unless the measures of relevance comprehended by the term are clearly defined in both the engagement letter and the practitioner’s report.</u> <p><u>It is inappropriate to word a finding in such a matter as to convey negative assurance. For example, it is inappropriate to state:</u></p> <ul style="list-style-type: none"> • <u>Nothing came to our attention as a result of applying the procedure.</u>

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	<ul style="list-style-type: none"> <u>Nothing came to our attention that caused us to believe that [the subject matter] is not presented in accordance with [the criteria].</u> <p>The following table provides examples of appropriate and inappropriate descriptions of findings resulting from the application of certain selected procedures.</p>		
	<i>Procedures</i>	<i>Appropriate Description of Findings</i>	<i>Inappropriate Description of Findings</i>
	Inspect the shipment dates for a specified sample 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 number to the number in an identified chart of performance statistics as of [date].	The number of blocks of streets paved in the chart of performance statistics was Y blocks more than the number calculated from the contractors' certificates of project completion.	The number of blocks of streets paved approximated the number of blocks included in the chart of performance statistics.
	Recalculate the rate of return on a specified investment (according to a specified formula) and	No exceptions were found as a result of	The resultant percentage approximated the predetermined

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	determine whether the resultant percentage agrees to the percentage in an identified schedule.	applying the procedure.	percentage in the identified schedule.
	Inspect the quality standards classification codes in identified performance test documents for products produced during [specified period]; compare such codes to those shown in the [identified] computer printout for [specified period] as of [date].	All classification codes inspected in the identified documents were the same as those shown in the computer printout, except for the following: [List all exceptions.]	All classification codes appeared to comply with such performance documents.
	Trace all outstanding checks appearing on a bank reconciliation as of [date] to checks cleared in the bank statement of the subsequent month.	All outstanding checks appearing on the bank reconciliation were traced to the list of cleared checks in the subsequent month's bank statement, except for the following: [List all exceptions.]	Nothing came to my attention as a result of applying the procedure.

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	<p>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 [date] 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.</p>	<p>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.</p>	<p>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.</p>
<p>Written Representations</p> <p>X.18 The practitioner should request from the engaging party written representations in the form of a letter addressed to the practitioner. The representations should, as applicable, (Ref: par. A25 and A31)</p> <p>a. state that, <u>to the best of the engaging party’s knowledge and belief</u>, all known matters contradicting related to the subject matter and any communications from regulatory agencies or others affecting the subject matter have been disclosed to the practitioner, including <u>any</u> communications received between the end of the period and through the date of the practitioner’s selected procedures report.</p> <p>b. acknowledge responsibility for, <u>as applicable</u></p> <p>i. <u>the</u> subject matter, if applicable; (Ref: par. X. A39A6)</p> <p>ii. selecting the criteria <u>to be used to measure the subject matter was prepared in accordance with</u>, when applicable; <u>and</u></p>	<p>Written Representations (Ref: par. X.18)</p> <p>X. A31 Written confirmation of oral representations reduces the possibility of misunderstandings between the practitioner and the engaging party. The person(s) from whom the practitioner requests written representations is ordinarily a member of senior management or those charged with governance depending on, for example, the management and governance structure of the engaging party, which may vary by entity, reflecting influences such as size and ownership characteristics.</p>		

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<p>iii. determining that such criteria is appropriate; and</p> <p>iiiv. if, applicable, the sufficiency of the procedures determining that the selected procedures such criteria are appropriate for the engaging party's purposes.</p> <p>c. <u>if no party takes responsibility for the sufficiency of the procedures, a statement that no party takes such responsibility</u></p> <p><u>d. state that the engaging party has provided the practitioner with access to all records relevant to the subject matter and the selected procedures <u>in its possession or under its control, as applicable.</u></u></p> <p>d. state that the engaging party is not aware of any material misstatements in the subject matter.</p> <p>e. state that the engaging party has disclosed to the practitioner all known events <u>subsequent to the period (or point in time) of the subject matter being reported on through the date of the practitioner's selected procedures report</u> that would have a material effect on the subject matter.</p> <p>f. state that the engaging party has disclosed to the practitioner other matters as the practitioner deems appropriate.</p> <p>X-19 If the engaging party is not responsible for the subject matter of the engagement, the practitioner should also consider requesting the representations from paragraph X-18 from the party that is responsible for the subject matter of the engagement.</p> <p>X-20 The date of the written representations should be as of the date of the practitioner's report. The written representations should address the subject matter and periods covered by the practitioner's findings.</p>	<p>Requested Written Representations Not Provided or Not Reliable (Ref: par. X-21c)</p>

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<p>Requested Written Representations Not Provided or Not Reliable</p> <p>X.21 When one or more of the requested written representations are not provided, or the practitioner concludes that there is sufficient doubt about the competence, integrity, ethical values, or diligence of those providing the written representations, or the practitioner concludes that the written representations are otherwise not reliable, the practitioner should:</p> <ul style="list-style-type: none"> a. discuss the matter with the engaging party; b. reevaluate the integrity of those from whom the representations were requested or received and evaluate the effect, if any, on the engagement; and c. if any of the matters are not resolved to the practitioner's satisfaction, take appropriate action. (Ref: par. X.A32) 	<p>X.A32 Appropriate actions the practitioner might consider in the circumstances described in paragraph X.19c-21c include</p> <ul style="list-style-type: none"> a. withdrawing from the engagement; or b. determining the effect on the practitioner's report.
<p>Preparing the Practitioner's Report</p>	<p>Preparing the Practitioner's Report (Ref: par. X.22 and X.24)</p>
<p>X.22 The practitioner's report on selected procedures should be in writing. (Ref: par. X.A33)</p> <p>X.23 The practitioner's report on selected procedures should be in the form of procedures and findings.</p> <p>X.24 <u>The practitioner should consider whether the procedures and related findings result in a misleading selected procedures report. If, as a result of performing procedures, the practitioner determines that the description of the procedures performed or the corresponding findings result in a misleading selected procedures report, the practitioner should discuss the matter with the engaging party and take appropriate action. (Ref: par. X.A34)</u></p>	<p>X.A33 This proposed standard does not require a standardized format for reporting on all selected procedures engagements. Instead it identifies the <u>required</u> basic elements that the<u>for a</u> report on selected procedures is to include. Reports on selected procedures are tailored to the specific engagement circumstances. The practitioner may use headings, separate paragraphs, paragraph numbers, typographical devices (for example, the bolding of text), and other mechanisms to enhance the clarity and readability of the selected procedures report.</p> <p>X.A34 <u>Appropriate actions the practitioner might consider in the circumstances described in paragraph X.24 include</u></p> <ul style="list-style-type: none"> a. <u>performing revised procedures;</u> b. <u>omitting a finding from the practitioner's selected procedures report;</u> <u>or</u>

Requirements	Application and Other Explanatory Material
<p>Content of the Practitioner’s Selected Procedures Report</p> <p>X.24-25 The practitioner’s report on selected procedures should include the following: (Ref: par. X.A46A44)</p> <p>a. A title that clearly indicates that it is the practitioner’s selected procedures report and includes the word <i>independent</i> (Ref: par. X.A34A35)</p> <p>b. An appropriate addressee as required by the circumstances of the engagement (Ref: par. X.A35A36)</p>	<p><u>c. withdrawing from the engagement.</u></p> <p>Content of the Practitioner’s Selected Procedures Report</p> <p>Title (Ref: par. X.25a)</p> <p>X.A34-A35 Appropriate titles include</p> <p>—Independent Certified Public Accountant’s Report on Applying Selected Procedures</p> <ul style="list-style-type: none"> • Independent Accountant’s Report on Applying Selected Procedures • “Independent Practitioner’s Report on Applying Selected Procedures.” • Independent Certified Public Accountant’s Report on Applying Selected Procedures <p>Addressee (Ref: par. X.24b25b)</p> <p>X.A35—A36 An appropriate addressee in a selected procedures engagement is mostly commonly the engaging party.</p>
<p>c. An identification of:</p> <p>i. the objectives of a selected procedures engagement from paragraph X.35;</p> <p><u>i. the intended purpose of the engagement in such a manner as to not imply that the practitioner has expressed an opinion or a conclusion on the subject matter;</u> (Ref: par. X.A4 and X.A37-X.A38)</p> <p>ii. the engaging party;</p> <p>iii. the intended purpose of the engagement in such a manner as to not imply that the practitioner has expressed an opinion or a conclusion on the subject matter; (Ref: par. X.A36A35-X.A38A37)</p>	<p>Identification of the Intended Purpose of the Selected Procedures Engagement (Ref: par. X.24e25c(iii))</p> <p>X.A36-A35 A practitioner may be asked to apply selected procedures to more than one subject matter. In these engagements the practitioner may issue one practitioner’s report that refers to all subject matter covered.</p> <p>X.A37 Because the practitioner is precluded from expressing an opinion or conclusion about whether the subject matter is in accordance with</p>

Requirements	Application and Other Explanatory Material
<p>iii. the subject matter; and</p> <p>iv. the criteria used, if applicable.</p> <p>d. A statement that the engaging party is responsible for the determination of the subject matter of the engagement and, if applicable, an identification of the party, for purposes of the engagement, that has taken responsibility for the subject matter (Ref: par. X. A39A6)</p> <p>e. A statement that the procedures performed may not address all of the items of interest to a user and may not meet the needs of all users (Ref: par. X. A8-X. A9 and X. A40A39)</p> <p>f. If applicable, a description of any specified materiality limits</p>	<p>specified criteria, in identifying the intended purpose of the selected procedures engagement it would not be appropriate to state that the intended purpose of the engagement was to determine if the subject matter was performed or is stated in accordance with specified criteria or that the practitioner performed the engagement to conclude as to whether the entity complied with specified criteria.</p> <p>X. A38 Unless the practitioner takes responsibility for the sufficiency of the procedures performed, it would not be appropriate to imply that the practitioner takes such responsibility, as doing so could be misleading to potential users of the practitioner’s selected procedures report. However, the practitioner is neither required to make nor is not precluded from making an explicit statement that the practitioner makes no representation regarding the sufficiency of the procedures either for the purpose for which the practitioner’s report has been requested or for any other purpose. However, unless the practitioner takes responsibility for the sufficiency of the procedures performed, it is not appropriate to imply that the practitioner takes such responsibility, as doing so could be misleading to potential users of the practitioner’s selected procedures report.</p> <p>Responsibility for the Subject Matter of the Engagement (Ref: par. X. 18b(i) and X. 24d)</p> <p>X. A39 There may be circumstances in which no party accepts responsibility for the subject matter of the engagement.</p> <p>Limitations on Items of Interest and Needs of Users (Ref: par. X. 24e)</p> <p>X. A40—A39 The practitioner may advise potential users as to inappropriate uses of the practitioner’s selected procedures report. For example, that the report is not intended for making investment decisions or for potential lenders or investors.</p>
<p>g. A statement that</p> <p>i. the selected procedures engagement was conducted in accordance with the attestation standards established by</p>	

Requirements	Application and Other Explanatory Material
<p>the American Institute of Certified Public Accountants, <u>which requires the practitioner to apply procedures to the subject matter and issue a written practitioner’s report that describes the procedures applied and the practitioner’s findings.</u></p> <p>ii. the practitioner was not engaged to and did not conduct an examination or review of the subject matter, the objective of which would be the expression of an opinion or a conclusion, respectively, on the subject matter. (Ref: par. X. A41 X. A42A40)</p> <p>iii. the practitioner does not express an opinion or conclusion. (Ref: par. X. A43A41)</p> <p>iv. the procedures performed may not address all of the items of interest to a user and may not meet the needs of all users.</p> <p>v.iv. had the practitioner performed additional procedures, other matters might have come to the practitioner’s attention that would have been reported.</p>	<p>Statement that the Practitioner Was Not Engaged to and Did Not Conduct an Examination or Review of the Subject Matter (Ref: par. X. 24g(ii))</p> <p>X. A41 While not required, the practitioner may include a statement clarifying that the practitioner was not engaged to perform agreed-upon procedures.</p> <p>Statement When the Subject Matter Consists of Elements, Accounts, or Items of a Financial Statement (Ref: par. X. 24g25g(ii))</p> <p>X. A42 A40 If the subject matter consists of elements, accounts, or items of a financial statement, the practitioner’s report might instead state that the selected procedures do not constitute an audit [or a review] of financial statements or any part thereof, the objective of which is the expression of an opinion [or conclusion] on the financial statements or a part thereof.</p> <p>Preclusion on Expression of an Opinion or Conclusion on the Subject Matter (Ref: par. X. 24h25h(iii))</p> <p>X. A43 A41 The practitioner is precluded from expressing an opinion or conclusion about whether the subject matter is in accordance with [or based on] the criteria, for example, the report may state that the practitioner compared subject matter to something else but cannot state, “Nothing came to our attention that caused us to believe that the subject matter is not in accordance with [or based on] the criteria, in all material respects.”</p>
<p>h. A list of all procedures performed, or reference thereto, and related findings.</p>	

Requirements	Application and Other Explanatory Material
<p><i>i.</i> When applicable, a description of the nature of assistance provided by a practitioner’s external specialist, as discussed in paragraph X.11, if applicable.</p> <p><i>j.</i> When applicable, reservations or restrictions concerning<u>Limitations on</u> procedures or findings, <u>if applicable</u> (Ref: par. X.A44A42)</p>	<p><u>Reservations or Restrictions Concerning Subject Matter, Limitations on Procedures or Findings (Ref: par. X.24j25j)</u></p> <p>X.A44–A42 Examples of reservations or restrictions concerning subject matter, limitations on procedures or findings may include:</p> <ul style="list-style-type: none"> • Disclosure of stipulated facts, assumptions, or interpretations (including the source thereof) used in the application of selected procedures • Description of the condition of records, controls, or data to which the procedures were applied • Explanation that the practitioner has no responsibility to update the practitioner’s report • Explanation that the sample may not be representative of the population
<p><i>k.</i> The signature of the practitioner or the practitioner’s firm</p> <p><i>l.</i> The city and state where the practitioner practices (Ref: par. X.A45A43)</p> <p><i>m.</i> The date of the practitioner’s report. The practitioner’s report should be dated no earlier than the date on which the practitioner completed the procedures and determined the findings, including that:</p> <ul style="list-style-type: none"> <i>i.</i> the attestation documentation has been reviewed, and <i>ii.</i> if applicable, the written presentation of the subject matter has been prepared 	<p><u>Location (Ref: par. X.24j25l)</u></p> <p>X.A45–A43 In the United States of America, the location of the issuing office is the city and state. In another country, it may be the city and country. The city and state where the practitioner practices may be indicated on letterhead that contains the issuing office’s location.</p> <p>X.A46–A44 Illustrative practitioner’s reports on selected procedures are presented in exhibit “Illustrative Examples of the Independent Accountant’s Report on Applying Selected Procedures.”</p>

Requirements	Application and Other Explanatory Material
<p>Alert That Restricts the Use of the Practitioner’s Selected Procedures Report</p> <p>X.25-26 <u>In the following circumstances, the A</u> practitioner’s selected procedures report should include an alert, in a separate paragraph, that restricts its <u>the</u> use when the subject matter of the practitioner’s selected procedures of the report is based on (Ref: par. X.A47A45-X.A50A47)</p> <p>a. The practitioner determines that the Measurement or disclosure <u>criteria used to evaluate the subject matter are appropriate that are determined by the practitioner to be suitable</u> only for a limited number of users <u>parties</u> who either participated in their establishment or can be presumed to have an adequate understanding of the criteria or</p> <p>b. Measurement or disclosure <u>The criteria used to evaluate the subject matter</u> that are available only to the specified parties.</p>	<p>Alert That Restricts the Use of the Practitioner’s Selected Procedures Report (Ref: par. X.2526)</p> <p>X.A45 <u>A practitioner's report for which the conditions in paragraph X.25 do not apply need not include an alert that restricts its use. However, nothing in the non-assertion based attestation standards precludes a practitioner from including such an alert in any practitioner's report or other practitioner's written communication.</u></p> <p>X.A46 <u>A practitioner's report that is required by paragraph X.25 to include an alert that restricts the use of the report may be included in a document that also contains a practitioner's report that is for general use. In such circumstances, the use of the general use report is not affected.</u></p> <p>X.A47 <u>A practitioner may also issue a single combined practitioner's report that includes (a) a practitioner's report that is required by paragraph X.25 to include an alert that restricts its use, and (b) a report that is for general use. If these two types of reports are clearly differentiated within the combined report, such as through the use of appropriate headings, the alert that restricts the use of the report may be limited to the report required by paragraph X.25 to include such an alert. In such circumstances, the use of the general use report is not affected.</u></p> <p>X.A47A4 <u>The need for an alert that restricts the use of the practitioner’s selected procedures report arises from the potential for the practitioner’s selected procedures report to be misunderstood if taken out of the context in which the practitioner’s selected procedures report is intended to be used.</u></p> <p>X.A48A45 <u>Nothing in this proposed standard precludes a practitioner from including an alert in any practitioner’s selected procedures report. For example, when the terms of the selected procedures engagement require the practitioner to supply the practitioner’s selected procedures report only to specified parties, the practitioner may consider it necessary in the circumstances to include a</u></p>

~~separate paragraph in the practitioner's selected procedures report that restricts the use of the practitioner's selected procedures report.~~

~~X..A49 A46 The need for restriction on the use of a report may result from a number of circumstances, including the purpose of the report, the criteria used in preparation of the subject matter, the extent to which procedures performed are known or understood, and the potential for the report to be misunderstood when taken out of the context in which it was intended to be used~~

~~X..A48 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.~~

~~X..A49 In some cases, the criteria used to measure or evaluate the subject matter may be designed for a specific purpose. For example, a regulator may require certain entities to use particular criteria designed for regulatory purposes. To avoid misunderstandings, the practitioner alerts users of the practitioner's report to this fact and, therefore, that the report is intended solely for the information and use of the specified parties.~~

~~X..A50 The alert that restricts the use of the practitioner's report is designed to avoid misunderstandings related to the use of the report, particularly if the report is taken out of the context in which the report is intended to be used. A practitioner may consider informing the engaging party or other specified parties that the report is not intended for distribution to parties other than those specified in the report. The practitioner may, in connection with establishing the terms of the engagement, reach an understanding with the engaging party, that the intended use of the report will be restricted and may obtain the engaging party's agreement that the engaging party and specified parties will not distribute such report to parties other than those identified therein. A practitioner is not responsible for controlling, and cannot control, distribution of the report after its release.~~

~~X..26 The alert that restricts the use of the practitioner's selected procedures report required by paragraph X..24 25 should~~

- ~~a. state that the practitioner's ~~selected procedures~~ report is intended solely for the information and use of the specified parties.~~
- ~~b. identify the specified parties for whom use is intended, and (Ref: par. X..A48).~~
- ~~c. state that the ~~practitioner's selected procedures~~ report is not intended to be, and should not be, used by anyone other than the specified parties. (Ref: par. X..A49-X..A51)~~

~~(Ref: par. X..A51A48)~~

~~X..28 When the engagement is also performed in accordance with *Government Auditing Standards*, the alert that restricts the use of the practitioner's report should include the following information, rather than the information required by paragraph X..27:~~

- ~~a. A description of the use of the report~~
- ~~b. A statement that the report is not suitable for any other purpose~~

Adding Other Specified Parties

~~X. 27~~ When, in accordance with paragraph ~~X. 2325~~, the practitioner includes an alert that restricts the use of the practitioner's selected procedures report to certain specified parties and the practitioner is requested to add other parties as specified parties, the practitioner should determine whether to agree to add the other parties as specified parties. (Ref: par. ~~X. A52A49~~)

~~X. 28~~ If the other parties are added after the release of the practitioner's selected procedures report, the practitioner should either:

~~d.~~ Amend the practitioner's selected procedures report to add the other parties and, in such circumstances, not change the original date of the practitioner's selected procedures report.

~~e.a.~~ Provide a written acknowledgment to management and the other parties that such parties have been added as specified parties and state in the acknowledgment that no procedures were performed subsequent to the original date of the practitioner's selected procedures report.

~~X. A51~~ In some cases, a restricted-use practitioner's report filed with regulatory agencies is required by law or regulation to be made available to the public as a matter of public record. Also, a regulatory agency, as part of its oversight responsibility for an entity, may require access to a restricted-use report in which it is not named as a specified party.

~~*Distribution of the Practitioner's Selected Procedures Report*~~ (Ref: par. ~~X. 2425~~)

~~X. A50A47A~~ A practitioner is not responsible for controlling, and cannot control, distribution of the practitioner's selected procedures report after its release. The alert that restricts the use of the practitioner's selected procedures report is designed to avoid misunderstandings related to the use of the practitioner's selected procedures report, particularly if the practitioner's selected procedures report is taken out of the context in which the practitioner's selected procedures report is intended to be used. A practitioner may consider informing the engaging party or other specified parties that the practitioner's selected procedures report is not intended for distribution to parties other than those specified in the practitioner's selected procedures report. The practitioner may, in connection with establishing the terms of the engagement, reach an understanding with the engaging party that the intended use of the practitioner's selected procedures report will be restricted and may obtain the engaging party's agreement that the engaging party and specified parties will not distribute such practitioner's selected procedures report to parties other than those identified therein.

~~*Illustrative Alert Language*~~ (Ref: par. ~~X. 26~~)

~~X. 5148~~ The alert that restricts the use of the practitioner's selected procedures report may list the specified parties or refer to the specified parties listed elsewhere in the practitioner's selected procedures report. The following illustrates language that includes the elements required by paragraph ~~X. 30~~:

This report is intended solely for the information and use of ~~[list or refer to the specified parties]~~ and is not

Requirements	Application and Other Explanatory Material
	<p>intended to be, and should not be, used by anyone other than these specified parties.</p> <p>Adding Other Specified Parties (Ref: par. X.27)</p> <p>X.A52A49 When the practitioner is requested to add other parties as specified parties, the practitioner may agree to add other parties as specified parties based on the practitioner’s consideration of factors such as the identity of the other parties and the intended use of the practitioner’s selected procedures report.</p>
<p>Knowledge of Matters Outside Selected Procedures</p> <p>X.29 Although the practitioner need not perform procedures beyond the selected procedures, if in connection with the application, and through the completion, of the selected procedures engagement, matters come to the practitioner’s attention by other means that significantly contradict the subject matter referred to in the practitioner’s report, the practitioner should discuss the matter with the engaging party and determine whether the practitioner’s report should be revised to disclose the matter. (Ref: par. X.A53A52-X.A54A53)</p>	<p>Knowledge of Matters Outside Selected Procedures (Ref: par. X.29)</p> <p>X.A53—A52 When the practitioner applies selected procedures to an element, account, or item of a financial statement and has performed (or has been engaged to perform) an audit or review of the entity’s related financial statements, and the practitioner’s audit or review report on such financial statements includes a departure from the standard report, the practitioner may include a reference to the audit or review report and the departure from the standard report in the practitioner’s report on selected procedures.</p> <p>X.A54-A53 The practitioner is not required to perform any procedures after the date of the practitioner’s selected procedures report.</p>
<p>Communication Responsibilities</p> <p>X.30 The practitioner should communicate to the engaging party known and suspected fraud and noncompliance with laws and regulations <u>discovered during the selected procedures engagement.</u></p>	
<p><u>Consideration of Subsequent Events</u></p> <p>X.31 <u>When relevant to the engagement, the practitioner should consider the effect on the underlying subject matter and on the practitioner’s report of events up to the date of the report, and should respond appropriately to facts that become known to the practitioner after the date that, had they been known to the practitioner at that date, may have caused the practitioner to amend the report. The</u></p>	<p><u>Consideration of Subsequent Events (Ref: par. X.31)</u></p> <p>X.A54 <u>As noted in paragraph X,31, the practitioner has no responsibility to perform any procedures regarding the underlying subject matter after the date of the practitioner’s report. However, if, after the date of the report, a fact becomes known to the practitioner that, had it been known to the practitioner at the date of the report, may have caused the practitioner to amend the report, the practitioner may need to discuss the matter with the</u></p>

Requirements	Application and Other Explanatory Material
<p><u>extent of consideration of subsequent events depends on the potential for such events to affect the underlying subject matter and to affect the appropriateness of the practitioner's conclusion. However, the practitioner has no responsibility to perform any procedures regarding the underlying subject matter after the date of the report. (Ref: par. X..A54)</u></p>	<p><u>appropriate party(ies) or take other action as appropriate in the circumstances.</u></p>
<p>Documentation</p> <p>X..31-32 The practitioner should prepare engagement documentation that is sufficient to determine</p> <ul style="list-style-type: none"> a. the nature, timing, and extent of the procedures performed to comply with this proposed standard 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. who reviewed the engagement work performed and the date and extent of such review. b. the results of the procedures performed and the evidence obtained. <p>X..31-33 The engagement documentation should include the written acknowledgement from the engaging party regarding <u>their understanding of</u> the procedures performed, as required by paragraph X..13.</p>	

X..A55

Exhibit – Illustrative Independent Practitioner's Selected Procedures Reports (Ref: par. X..A44)

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

Illustration 1 – Selected Procedures Report Related to a Lottery Drawing

~~Illustration 2— Selected Procedures Report Related to Sustainability~~

~~Illustration 3— Selected Procedures Report Related to a Union Election~~

~~Illustration 4— Selected Procedures Report Related to Internal Control~~

~~Illustration 5— Selected Procedures Report Related to a Financial Statement Element~~

Illustration 1— An Independent Practitioner’s Selected Procedures Report Related to a Lottery Drawing

The following illustrative practitioner’s selected procedures report meets the minimum reporting requirements in paragraph X.~~22~~ ~~21~~—X.~~24~~~~23~~. The illustration includes no additional language that a practitioner may include.

Independent Practitioner’s Certified Public Accountant’s Report on Applying Selected Procedures

[Appropriate Addressee]

~~We were engaged by XYZ Company to apply procedures, which the engaging party acknowledges, to the subject matter and to issue a written practitioner’s report in a format to apply procedures, which the engaging party acknowledges, to the subject matter and to issue a written practitioner’s report that describes the procedures applied and the related findings. The procedures performed may not address all of the items of interest to a user and may not meet the needs of all users.~~ that describes the procedures applied and the related findings. The procedures performed may not address all of the items of interest to a user and may not meet the needs of all users.

~~We have performed the selected procedures enumerated below related to the X drawing on MM, DD, YYYY of the [name of drawing] (the “lottery drawing” or “subject matter”) for the State of [Insert name of State] (the “State”) to assist lottery players in assessing the extent to which the lottery drawing is conducted in accordance with the State’s lottery guidelines [alternatively, the purpose of the engagement may be stated generically such as “to perform selected procedures with respect to the lottery drawing”]. The objectives of a selected procedures engagement are to apply procedures, which the engaging party acknowledges, to the subject matter and to issue a written practitioner’s report that describes the procedures applied and the related findings. The procedures performed may not address all of the items of interest to a user and may not meet the needs of all users.~~

~~We were engaged by XYZ Company, who is responsible for determining the subject matter of this engagement and who has taken responsibility for conducting the lottery drawing for the State in accordance with the State’s lottery guidelines.~~

~~This selected procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review of the lottery drawing, the objective of which would be the expression of an opinion or conclusion, respectively, on the lottery drawing. 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 such as materiality limits, description of the nature of assistance provided by a practitioner's external specialist, or reservations or restrictions concerning procedures or findings.]~~

The procedures and associated findings are as follows:

Phase I: Entry File Verification

On [date], we observed:

- ~~• Security was called prior to the initiation of that Draw Manager's lottery drawing to verify that video was operational and observe the Draw Manager turning on the audio and visual buttons to record.~~
- ~~• The Draw Manager selected the lottery drawing admin by....~~
- ~~• The Draw Manager started the Export by...~~
- ~~• The Draw Manager downloaded and unzipped the entry file by...~~

~~We compared the lottery, promotion, start and end dates/times in Schedule A to the Draw Manager's Lottery Report~~

~~No exceptions were found as a result of this procedure.~~

Phase II: Lottery Drawing Activity Preparation

We observed:

- ~~• The Draw Manager launch the Secure Draw System program by...~~
- ~~• Under the "Prize Tiers" tab, the prize tiers and alternate promotion scheme are listed per the lottery drawing procedures.~~
- ~~• The Draw Manager add the mail-in entry files by...~~

- ~~• The Draw Manager load the template as denoted over the lottery drawing procedures (if applicable) on the Winner Information Screen.~~
- ~~• The Draw Manager add the entry files by...~~

~~No exceptions were found as a result of this procedure.~~

Phase III: Conduct Draw

~~We observed the Draw Manager click on the “Start Draw” button on the “Draw” tab to commence the draw.~~

~~We observed the numbers [Insert numbers displayed] were displayed on the monitor.~~

~~No exceptions were found as a result of this procedure.~~

~~This specified 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 lottery drawing, the objective of which would be the expression of an opinion or conclusion, respectively, on the lottery drawing. 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 such as materiality limits, description of the nature of assistance provided by a practitioner’s external specialist, or reservations or restrictions concerning procedures or findings.]~~

~~–[Practitioner’s signature]~~

~~–[Practitioner’s city and state]~~

~~–[Date of practitioner’s report]~~

Illustration 2 – An Independent Practitioner’s Selected Procedures Report Related to a Lottery Drawing

The following illustrative practitioner’s selected procedures report meets the minimum reporting requirements in paragraph X.₂₂ – X.₂₄. The illustration includes additional language that a practitioner may include. The additional language is presented in ***boldface italics***.

Independent Practitioner’s Report on Applying Selected Procedures

~~[Appropriate Addressee]~~

~~We have performed the selected procedures enumerated below related to the X drawing on MM, DD, YYYY of the [name of drawing] (the “lottery drawing” or “subject matter”) for the State of [Insert name of State] (the ‘State’) to assist lottery players in assessing the extent to which the lottery drawing is conducted in accordance with the State’s lottery guidelines [alternatively, the purpose of the engagement may be stated generically such as “to perform selected procedures with respect to the lottery drawing”]. The objectives of a selected procedures engagement are to apply procedures, which the engaging party acknowledges, to the subject matter and to issue a written practitioner’s report that describes the procedures applied and the related findings. The procedures performed may not address all of the items of interest to a user and may not meet the needs of all users.~~

~~We were engaged by XYZ Company, who is responsible for determining the subject matter of this engagement and who has taken responsibility for conducting the lottery drawing for the State in accordance with the State’s lottery guidelines.~~

~~[Additional paragraph(s) may be added to describe what the procedures were not intended for, such as The specified procedures described in this report were not performed for the purpose of:~~

~~a. Satisfying any criteria published by a State Lottery~~

~~a. Concluding on the appropriateness of the procedures; or~~

~~a. Reporting any findings with respect to:~~

~~i. Whether XYZ Company complied with federal, state or local laws or regulations or~~

~~i. Any other factor that would be material to the likelihood that the State will pay the winner the appropriate proceeds/winnings.]~~

~~[Additional paragraph(s) may be added to describe documents utilized in executing the procedures, such as ... For the purpose of the procedures described in this report, XYZ Company on behalf of the state, provided us with:~~

~~a. Draw Manager’s Lottery Report~~

~~b. The lottery drawing procedures]~~

~~The procedures and associated findings are as follows:~~

~~Phase I: Entry File Verification~~

~~On [date], we observed:~~

- ~~• Security was called prior to the initiation of that Draw Manager's lottery drawing to verify that video was operational and observe the Draw Manager turning on the audio and visual buttons to record.~~
- ~~• The Draw Manager selected the lottery drawing admin by....~~
- ~~• The Draw Manager started the Export by...~~
- ~~• The Draw Manager downloaded and unzipped the entry file by...~~

~~We compared the lottery, promotion, start and end dates/times in Schedule A to the Draw Manager's Lottery Report~~

~~No exceptions were found as a result of this procedure.~~

~~Phase II: Lottery Drawing Activity Preparation~~

~~We observed:~~

- ~~• The Draw Manager launch the Secure Draw System program by...~~
- ~~• Under the "Prize Tiers" tab, the prize tiers and alternate promotion scheme are listed per the lottery drawing procedures.~~
- ~~• The Draw Manager add the mail-in entry files by...~~
- ~~• The Draw Manager load the template as denoted over the lottery drawing procedures (if applicable) on the Winner Information Screen.~~
- ~~• The Draw Manager add the entry files by...~~

~~No exceptions were found as a result of this procedure.~~

~~Phase III: Conduct Draw~~

~~We observed the Draw Manager click on the "Start Draw" button on the "Draw" tab to commence the draw.~~

~~We observed the numbers [Insert numbers displayed] were displayed on the monitor.~~

~~No exceptions were found as a result of this procedure.~~

~~{Additional paragraph(s) may be added to describe that the practitioner did not perform any procedures to validate the documents utilized in executing the procedures, such as ... The Company is responsible for the source documents that are described in the specified procedures and related findings section. We were not engaged to perform and we have not performed any procedures other than those previously listed, nor have we performed any procedures with respect to the preparation or verification of any of the source documents. We have no responsibility for the verification of any underlying information upon which we relied in forming our findings.}~~

~~{Additional paragraph(s) may be added to describe that the practitioner does not have responsibility to update the report for events and circumstances occurring after the report is issued, such as ... Furthermore, we undertake no responsibility to update this report for events and circumstances occurring after the date hereof. We did not obtain a written statement from XYZ Company stating that the Lottery was conducted in accordance with its procedures.}~~

~~This specified 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 lottery drawing, the objective of which would be the expression of an opinion or conclusion, respectively, on the lottery drawing. 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 such as materiality limits, description of the nature of assistance provided by a practitioner's external specialist, or reservations or restrictions concerning procedures or findings.}~~

~~{Practitioner's signature}~~

~~{Practitioner's city and state}~~

~~{Date of practitioner's report}~~

Illustration 2 – Selected Procedures Report Related to Sustainability

Independent Accountant's Report on Applying Selected Procedures

{Appropriate Addressee}

We were engaged by ABC Company to apply procedures to the qualified carbon offsets that were acquired to cover all 20X1 sales quantities as part of ABC Company's compliance with its Annual Verification Process Audit for Carbon Offsets for the year ended December 31, 20X1 and

~~to report in a format that describes the procedures applied and the related findings. The procedures performed may not address all of the items of interest to a user and may not meet the needs of all users.~~

~~We have performed the selected procedures enumerated below related to ABC Company's compliance with its Annual Verification Process Audit for Carbon Offsets for the year ended December 31, 20X1.~~

~~ABC Company is responsible for compliance with its Annual Verification Process Audit for Carbon Offsets for the year ended December 31, 20X1.~~

~~This selected procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review of ABC Company's compliance with its Annual Verification Process Audit for Carbon Offsets for the year ended December 31, 20X1, the objective of which would be the expression of an opinion or conclusion, respectively, on such compliance. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.~~

~~[Additional paragraph(s) may be added to describe other matters such as materiality limits, description of the nature of assistance provided by a practitioner's external specialist, or reservations or restrictions concerning procedures or findings.]~~

~~The procedures and associated findings are as follows:~~

~~**Supply Side Activity**~~

~~**General Procedures**~~

~~— We obtained the "Supply Schedule" from ABC Company listing the Green-e Energy certified Renewable Energy Certificates ("Green-e"), Chicago Climate Exchange ("CCX"), Climate Action Reserve ("CAR"), and Voluntary Carbon Standard ("VCS") certified supply and performed the following:~~

- ~~— Recalculated the supply schedule~~
- ~~— Agreed the purchased supply to CCX, CAR, VCS, or Midwest Renewable Energy Tracking System ("MRETS") database to determine the vintage year was 20X1~~
- ~~— Observed the database of CCX, CAR, VCS, and MRETS indicating the supply was retired~~
- ~~— Obtained and viewed the carbon offset inventory supply roll-forward schedule~~

~~Findings — No exceptions were noted.~~

~~**Specific Procedures**~~

- ~~— For all of the suppliers listed on the "Supply Schedule," we performed the following:~~
- ~~— Agreed the facility name to the Green-e Attestation or CCX, CAR, or VCS database, listing the year of generation, and year of emission reduction~~

- ~~— Agreed to the project certification by Green-e, CCX, CAR, or VCS~~
- ~~— Agreed quantity of Renewable Energy Certificates (“RECs”), CCX, CAR, or VCS CO2 offsets purchased to Green-e Attestation or CCX, CAR, or VCS database, respectively~~
- ~~— Recalculated the tons of carbon dioxide (“CO2”) for RECs purchased according to conversion methodology~~
- ~~— Agreed supply’s unique ID number to CCX, CAR, or VCS database~~

~~Findings – No exceptions were noted.~~

Sales Side Activities

General Procedures

- ~~— We obtained the “Sales by Product Type” schedules from ABC Company and performed the following:~~
 - ~~— Compared the current year listing of product types to the prior year listing of product types to determine that the “Sales by Product Type” schedules have all product types listed~~
 - ~~— Agreed total CO2 sales to the Company’s internal CO2 sales listing~~
 - ~~— Noted that the sales transaction dates of the CO2 sales on the “Sales by Product Type” schedules occurred during FY 20X1 by viewing the sales transaction dates~~
 - ~~— Agreed total sales revenue per “Sales by Product Type” to the Company’s 20X1 internal financial statements~~
 - ~~— Reconciled retirements per CCX, CAR, or VCS data files to sales per worksheets, as applicable~~

~~Findings – No exceptions were noted.~~

Specific Procedures

- ~~— We selected a sample using the “Sales by Product Type” schedules from the Company by using a 90% confidence, a tolerable deviation of 10%, and an expected deviation rate of less than 3%. For the sample selections, we performed the following:~~
 - ~~— Agreed the billing amount, billing date, and CO2 offset to the billing records~~
 - ~~— Agreed the customer sales from each source to the sales by ton~~
 - ~~— Viewed all Excel sales data files provided; viewed for date sequence, gaps in transaction number sequencing and inquired as to any exceptions~~

~~Findings – No exceptions were noted.~~

Reservations Concerning Procedures

Our procedures performed did not address the following:

- Adequacy of the Company's CO2 inventory methodologies (including the methodology used to calculate CO2 footprint)
- Adequacy of CCX, CAR, and VCS methodologies to derive CO2 content of CCX, CAR and VCS purchases
- Adequacy of methodology to determine methane CO2 equivalency and, if not measured directly, methodology to derive quantity of methane.

[Practitioner's signature]

[Practitioner's city and state]

[Date of practitioner's report]

Illustration 3—Selected Procedures Report Related to a Union Election

Independent Accountant's Report on Applying Specified Procedures

[Appropriate Addressee]

We were engaged by Local X Union to apply procedures to the subject matter and to report in a format that describes the procedures applied and the related findings. The procedures performed may not address all of the items of interest to a user and may not meet the needs of all users.

We have performed the procedures enumerated below related to Local X Union's Election Day Processes for its elections held on MM, DD, YYY.

Local X Union is responsible for conducting the elections in accordance with the Election Guidelines for United Association Local Unions— Election Day Processes.

This specified procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review on Local X Union's conduct of the elections, the objective of which would be the expression of an opinion or conclusion, respectively, on Local X Union's conduct of the elections. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

~~[Additional paragraphs may be added to describe other matters such as materiality limits, description of the nature of assistance provided by a practitioner's external specialist, or reservations or restrictions concerning procedures or findings.]~~

~~The procedures and associated findings are as follows:~~

~~Observers~~

~~On [date], we observed:~~

- ~~— Each candidate had one designated observer present at the election and the counting of the ballots.~~
- ~~— Local X Union verified that each observer present was a member in good standing~~
- ~~— Observers were not allowed to handle ballots~~
- ~~— Observers were not wearing campaign buttons, stickers, or other campaign apparel~~

~~No exceptions were found as a result of this procedure.~~

~~Challenged Ballots~~

~~On [date], we observed:~~

- ~~— Three (3) ballots were challenged by Observers~~
- ~~— For each ballot challenged:
 - ~~— Voting Member was provided a blank ballot, an envelope labeled “secret ballot envelope”, and a larger envelope labeled “challenged ballot envelope”.~~
 - ~~— An Election Official recorded on the outside of the challenged ballot envelope, the voting member’s name, membership number, reason for the challenge, name of person raising the challenge, resolution of the challenge, name of the Election Official, and the date.~~
 - ~~— Voting Member was shown to private voting area where the ballot was marked, placed in secret ballot envelope and sealed. Voting Member then placed the secret ballot envelope in the challenged ballot envelope and returned it unsealed to the Election Official.~~
 - ~~— The Election Official insured the challenged ballot envelope contained the secret ballot envelope.~~
 - ~~— The Voting Member then sealed the challenged ballot envelope and placed it in a separate ballot box maintained for challenged ballots.~~~~

~~No exceptions were found as a result of this procedure.~~

~~Counting the Ballots~~

On [date], we observed:

- ~~— Local X Union elected to use machine counting for the election~~
- ~~— After all Voting Members' votes were cast, the Operator of the voting machine locked all the ballot machines.~~
- ~~— The machines were then opened one by one and a member of the Election Committee read and recorded the tabulations while two other Election Committee members each recorded the tabulations on separate tally sheets.~~
- ~~— After all tabulations were completed, the voting machine Operator locked all of the ballot machines.~~
- ~~— The Election Committee then totaled the results of the tabulation sheets.~~
- ~~— The Elections Committee Chairman read the results aloud.~~
- ~~— The members of the Election Committee signed the tally sheets.~~
- ~~— The tally sheets were locked in a safe place.~~

No exceptions were found as a result of this procedure.

[Independent Accountant's Signature]

[Independent Accountant's city and state]

[Date of Independent Accountant's report]

Illustration 4— Selected Procedures Report Related to Internal Control

Independent Accountant's Report on Applying Selected Procedures

[Appropriate Addressee]

We were engaged by XYZ Association to apply procedures to the subject matter and to report in a format that describes the procedures applied and the related findings. The procedures performed may not address all of the items of interest to a user and may not meet the needs of all users.

We have performed the selected procedures enumerated below related to XYZ Association's internal control with respect to record keeping for financial transactions.

~~XYZ Association is responsible for determining the subject matter of this engagement and is responsible for internal control with respect to record keeping for financial transactions.~~

~~This selected procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review of XYZ Association's internal control with respect to record keeping, the objective of which would be the expression of an opinion or conclusion, respectively, on the internal control. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.~~

~~[Additional paragraph(s) may be added to describe other matters such as materiality limits, description of the nature of assistance provided by a practitioner's external specialist, or reservations or restrictions concerning procedures or findings.]~~

~~The procedures and associated findings are as follows:~~

~~— We inquired as to whether monthly financial statements are presented to the Board of Directors as required by XYZ Association's by-laws.~~

~~Findings — Financial statements were not presented to the Board as required. Pursuant to the Board minutes, the Treasurer provided the monthly balances in XYZ Company's checking and money market accounts to the Board at each monthly meeting.~~

~~— With respect to monthly bank reconciliations for the operating and payroll cash accounts, we~~

~~— Inquired as to whether all monthly bank statements are promptly presented, unopened to the Association's Treasurer.~~

~~— Inquired as to whether the Treasurer opens and reviews the bank statements, including the copies of canceled checks, for unusual items and errors.~~

~~— Inquired as to whether the Treasurer promptly reconciles all monthly bank accounts.~~

~~— Inquired as to whether all differences are promptly addressed and resolved.~~

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

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

~~Findings — All checks were signed by an authorized signor.~~

~~— We selected three bank reconciliations for the operating and payroll cash accounts and observed that they had been reconciled and that all differences had been addressed and resolved.~~

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

~~— We randomly selected 50 transactions (receipts and disbursements) and traced the transactions into the Association's accounting system.~~

~~Findings — No exceptions noted.~~

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

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

~~— We inquired as to whether the Association safeguards all records.~~

~~Findings — The Treasurer stated that all Association financial records are stored at the Association's office and that bank statements are retained for five years and other records for three years.~~

~~— We selected a sample of cash disbursements and observed whether:~~

~~— All disbursements were made in accordance with the Association's procedures as approved by the Board of Directors.~~

~~— All disbursements were made for the direct benefit of Association members.~~

- ~~— All disbursements were made by a properly executed check.~~
- ~~— Checks were not made payable to “Cash”~~
- ~~— Documentation is maintained that supports the disbursements and shows that the disbursement was approved by the appropriate individual~~
- ~~— Payments to contractors were reported to the Internal Revenue Service and Forms 1099 were issued, as appropriate.~~
- ~~— Checks were posted to the transaction journal.~~

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

~~[Practitioner’s signature]~~

~~[Practitioner’s city and state]~~

~~[Date of practitioner’s report]~~

~~**Illustration 5— Selected Procedures Report Related to a Financial Statement Element**~~

~~**Independent Accountant’s Report on Applying Selected Procedures**~~

~~[Appropriate Addressee]~~

~~We were engaged by ABC Company to apply procedures to the accounts payable of ABC Company as of December 31, 20X1 and to report in a format that describes the procedures applied and the related findings. The procedures performed may not address all of the items of interest to a user and may not meet the needs of all users.~~

~~We have performed the selected procedures enumerated below related to ABC Company’s accounts payable as of December 31, 20X1.~~

~~ABC Company is responsible for determining the subject matter of this engagement and is responsible for its accounts payable as of December 31, 20X1.~~

~~This selected procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review of ABC Company's accounts payable as of December 31, 20X1, the objective of which would be the expression of an opinion or conclusion, respectively, on the accounts payable. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.~~

~~[Additional paragraph(s) may be added to describe other matters such as materiality limits, description of the nature of assistance provided by a practitioner's external specialist, or reservations or restrictions concerning procedures or findings.]~~

~~The procedures and associated findings are as follows:~~

~~— We agreed the total accounts payable balance in ABC Company's trial balance as of December 31, 20X1 to the balance in the related general ledger account.~~

~~Findings — No exceptions were noted.~~

~~— We compared the (attached list) of major suppliers and amounts owing as of December 31, 20X1 to the related names and amounts in the trial balance.~~

~~Findings — No exceptions were noted.~~

~~— We obtained suppliers' statements or requested suppliers to confirm balances owing as of December 31, 20X1~~

~~Findings — No exceptions were noted.~~

~~— We compared such statements or confirmations to the amounts referred to in procedure 2. For amounts which did not agree, we obtained reconciliations from ABC Company. For reconciliations obtained, we identified and listed outstanding invoices, credit notes and outstanding checks, each of which was greater than XXX.~~

Findings—No exceptions were noted.

[Practitioner’s signature]

[Practitioner’s city and state]

[Date of practitioner’s report]

.A55

Exhibit - Illustrative Selected Procedures Reports (Ref: par. .A44)

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

Illustration 1 – Basic “Shell” Report

Illustration 2—Selected Procedures Report Related to a Lottery Drawing

Illustration 3— Selected Procedures Report Related to Sustainability

Illustration 4— Selected Procedures Report Related to a Union Election

Illustration 5— Selected Procedures Report Related to Internal Control

Illustration 6— Selected Procedures Report Related to a Financial Statement Element

Illustration 1 – Basic “Shell” Report

<u>Requirement Paragraph No.</u>	<u>Reporting Requirement</u>	<u>Illustration</u>
<u>.25a</u>	<u>A title that clearly indicates that it is the practitioner’s selected procedures report and includes the word <i>independent</i></u>	<u>Independent Accountant’s Report on Applying Selected Procedures</u>
<u>.25b</u>	<u>An appropriate addressee as required by the circumstances of the engagement</u>	<u>[Appropriate Addressee]</u>
<u>.25c(i)</u> <u>.25c(ii)</u>	<u>An identification of the intended purpose of the engagement in such a manner as to not imply that the practitioner has expressed an opinion or a conclusion on the subject matter</u>	<u>We were engaged by [identify the engaging party, such as XYZ Company] to apply the procedures enumerated below to the [identify the subject matter] and to report in a format that describes the procedures applied and the related findings. The</u>

<u>.25c(iii)</u>	<u>An identification of the engaging party</u>	<u>procedures performed may not address all of the items of interest to a user and may not meet the needs of all users.</u>
	<u>An identification of the subject matter</u>	
<u>.25c(iv)</u>	<u>An identification of the criteria used</u>	
<u>.25d</u>	<u>A statement that the engaging party is responsible for the determination of the subject matter of the engagement and, if applicable, an identification of the party, for purposes of the engagement, that has taken responsibility for the subject matter</u>	<u>XYZ Company is responsible for the determination of the subject matter of this engagement as [identify the subject matter].</u>
<u>.25e</u>	<u>A statement that the procedures performed may not address all of the items of interest to a user and may not meet the needs of all users</u>	<u>The procedures performed may not address all of the items of interest to a user and may not meet the needs of all users</u>
<u>.25f</u>	<u>If applicable, a description of any specified materiality limits</u>	
<u>.25g(i)</u>	<u>A statement that the selected procedures engagement was conducted in accordance with the attestation standards established by the American Institute of Certified Public Accountants, which requires the practitioner to apply procedures to the subject matter and issue a written practitioner’s report that describes the procedures applied and the practitioner’s findings</u>	<u>This selected procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we apply procedures to the subject matter of the engagement and issue a written report that describes the procedures applied and our findings. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the [identify the subject matter].</u>
<u>.25g(ii)</u>	<u>A statement that the practitioner was not engaged to and did not conduct an examination or review of the subject matter, the objective of which would be the expression of an opinion or a conclusion, respectively, on the subject matter</u>	<u>Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported.</u>
<u>.25g(iii)</u>	<u>A statement that the practitioner does not express an opinion or conclusion</u>	
<u>.25g(iv)</u>	<u>A statement that had the practitioner performed additional procedures, other matters might have come to the practitioner’s attention that would have been reported</u>	
<u>.25h</u>	<u>A list of all procedures performed, or reference thereto, and related findings</u>	<u>The procedures and related findings are as follows. [For purposes of reporting the findings, exceptions of [\$1,000 or</u>

		<u><i>less resulting solely from the rounding of amounts disclosed/ are not considered findings.]</i></u> <u><i>[Include paragraphs to enumerate procedures and findings.]</i></u>
<u>.25i</u>	<u>A description of the nature of assistance provided by a practitioner’s external specialist, as discussed in paragraph .11, if applicable</u>	<u><i>[Additional paragraph(s) may be added to describe other matters such as description of the nature of assistance provided by a practitioner’s external specialist, or reservations or restrictions concerning procedures or findings.]</i></u>
<u>.25j</u>	<u>Limitations on procedures or findings, if applicable</u>	
<u>.25k</u>	<u>The signature of the practitioner or the practitioner’s firm</u>	<u><i>[Practitioner’s signature]</i></u>
<u>.25l</u>	<u>The city and state where the practitioner practices</u>	<u><i>[Practitioner’s city and state]</i></u>
<u>.25m</u>	<u>The date of the practitioner’s report.</u>	<u><i>[Date of practitioner’s report]</i></u>

Illustration 2—Selected Procedures Report Related to a Lottery Drawing

<u>Requirement Paragraph No.</u>	<u>Reporting Requirement</u>	<u>Illustration</u>
<u>.25a</u>	<u>A title that clearly indicates that it is the practitioner’s selected procedures report and includes the word <i>independent</i></u>	<u>Independent Accountant’s Report on Applying Selected Procedures</u>
<u>.25b</u>	<u>An appropriate addressee as required by the circumstances of the engagement</u>	<u><i>[Appropriate Addressee]</i></u>
<u>.25c(i)</u>	<u>An identification of the intended purpose of the engagement in such a manner as to not imply that the practitioner has expressed an opinion or a conclusion on the subject matter</u>	<u><i>We were engaged by XYZ Company to apply the procedures enumerated below to the lottery drawing on MM, DD, YYYY [name of drawing] (the “lottery drawing” or “subject matter” for the State of [insert name of State] (the “State”) and to report in a format that describes the procedures applied and the related findings. The procedures performed may not address all of the items of interest to a user and may not meet the needs of all users.</i></u>
<u>.25c(ii)</u>	<u>An identification of the engaging party</u>	
<u>.25c(iii)</u>	<u>An identification of the subject matter</u>	
<u>.25c(iv)</u>	<u>An identification of the criteria used</u>	
<u>.25d</u>	<u>A statement that the engaging party is responsible for the determination of the subject matter of the engagement and, if applicable, an identification of the party, for purposes of the engagement, that has taken responsibility for the subject matter</u>	<u><i>XYZ Company is responsible for the determination of the subject matter of this engagement as the lottery drawing on MM, DD, YYYY.</i></u>

<u>.25e</u>	<u>A statement that the procedures performed may not address all of the items of interest to a user and may not meet the needs of all users</u>	<u>The procedures performed may not address all of the items of interest to a user and may not meet the needs of all users</u>
<u>.25f</u>	<u>If applicable, a description of any specified materiality limits</u>	
<u>.25g(i)</u> <u>.25g(ii)</u> <u>.25g(iii)</u> <u>.25g(iv)</u>	<u>A statement that the selected procedures engagement was conducted in accordance with the attestation standards established by the American Institute of Certified Public Accountants, which requires the practitioner to apply procedures to the subject matter and issue a written practitioner’s report that describes the procedures applied and the practitioner’s findings</u> <u>A statement that the practitioner was not engaged to and did not conduct an examination or review of the subject matter, the objective of which would be the expression of an opinion or a conclusion, respectively, on the subject matter</u> <u>A statement that the practitioner does not express an opinion or conclusion</u> <u>A statement that had the practitioner performed additional procedures, other matters might have come to the practitioner’s attention that would have been reported</u>	<u>This selected procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we apply procedures to the subject matter of the engagement and issue a written report that describes the procedures applied and our findings. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the the lottery drawing on MM, DD, YYYY. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported.</u>
<u>.25h</u>	<u>A list of all procedures performed, or reference thereto, and related findings</u>	<u>The procedures and related findings are as follows.</u> <u>Phase I: Entry File Verification</u> <u>On [date], we observed:</u> <ul style="list-style-type: none"> <u>• Security was called prior to the initiation of that Draw Manager’s lottery drawing to verify that video was operational and observe the Draw Manager turning on the audio and visual buttons to record.</u> <u>• The Draw Manager selected the lottery drawing admin by....</u>

- The Draw Manager started the Export by...
- The Draw Manager downloaded and unzipped the entry file by...

We compared the lottery, promotion, start and end dates/times in Schedule A to the Draw Manager's Lottery Report

No exceptions were found as a result of this procedure.

Phase II: Lottery Drawing Activity Preparation

We observed:

- The Draw Manager launch the Secure Draw System program by...
- Under the "Prize Tiers" tab, the prize tiers and alternate promotion scheme are listed per the lottery drawing procedures.
- The Draw Manager add the mail-in entry files by...
- The Draw Manager load the template as denoted over the lottery drawing procedures (if applicable) on the Winner Information Screen.
- The Draw Manager add the entry files by...

No exceptions were found as a result of this procedure.

Phase III: Conduct Draw

We observed the Draw Manager click on the "Start Draw" button on the "Draw" tab to commence the draw.

		<u>We observed the numbers [Insert numbers displayed] were displayed on the monitor.</u> <u>No exceptions were found as a result of this procedure.</u>
<u>.25i</u>	<u>A description of the nature of assistance provided by a practitioner’s external specialist, as discussed in paragraph .11, if applicable</u>	<u>[Additional paragraph(s) may be added to describe other matters such as description of the nature of assistance provided by a practitioner’s external specialist, or reservations or restrictions concerning procedures or findings.]</u>
<u>.25j</u>	<u>Limitations on procedures or findings, if applicable</u>	
<u>.25k</u>	<u>The signature of the practitioner or the practitioner’s firm</u>	<u>[Practitioner’s signature]</u>
<u>.25l</u>	<u>The city and state where the practitioner practices</u>	<u>[Practitioner’s city and state]</u>
<u>.25m</u>	<u>The date of the practitioner’s report.</u>	<u>[Date of practitioner’s report]</u>

Illustration 3— Selected Procedures Report Related to Sustainability

<u>Requirement Paragraph No.</u>	<u>Reporting Requirement</u>	<u>Illustration</u>
<u>.25a</u>	<u>A title that clearly indicates that it is the practitioner’s selected procedures report and includes the word <i>independent</i></u>	<u>Independent Accountant’s Report on Applying Selected Procedures</u>
<u>.25b</u>	<u>An appropriate addressee as required by the circumstances of the engagement</u>	<u>[Appropriate Addressee]</u>
<u>.25c(i)</u>	<u>An identification of the intended purpose of the engagement in such a manner as to not imply that the practitioner has expressed an opinion or a conclusion on the subject matter</u>	<u>We were engaged by ABC Company to apply procedures to the qualified carbon offsets that were acquired to cover all 20X1 sales quantities as part of ABC Company’s compliance with its Annual Verification Process Audit for Carbon Offsets for the year ended December 31, 20X1 and to report in a format that describes the procedures applied and the related findings. The procedures performed may not address all of the items of interest to a user and may not meet the needs of all users.</u>
<u>.25c(ii)</u>	<u>An identification of the engaging party</u>	
<u>.25c(iii)</u>	<u>An identification of the subject matter</u>	
<u>.25c(iv)</u>	<u>An identification of the criteria used</u>	
<u>.25d</u>	<u>A statement that the engaging party is responsible for the determination of the subject matter of the engagement and, if applicable, an identification of</u>	<u>ABC Company is responsible for the determination of the subject matter of this engagement as the qualified carbon offsets that were acquired to cover all 20X1 sales quantities as</u>

	<u>the party, for purposes of the engagement, that has taken responsibility for the subject matter</u>	<u>part of ABC Company’s compliance with its Annual Verification Process Audit for Carbon Offsets for the year ended December 31, 20X1.</u>
<u>.25e</u>	<u>A statement that the procedures performed may not address all of the items of interest to a user and may not meet the needs of all users</u>	<u>The procedures performed may not address all of the items of interest to a user and may not meet the needs of all users</u>
<u>.25f</u>	<u>If applicable, a description of any specified materiality limits</u>	
<u>.25g(i)</u>	<u>A statement that the selected procedures engagement was conducted in accordance with the attestation standards established by the American Institute of Certified Public Accountants, which requires the practitioner to apply procedures to the subject matter and issue a written practitioner’s report that describes the procedures applied and the practitioner’s findings</u>	<u>This selected procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review of ABC Company’s compliance with its Annual Verification Process Audit for Carbon Offsets for the year ended December 31, 20X1, the objective of which would be the expression of an opinion or conclusion, respectively, on such compliance. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.</u>
<u>.25g(ii)</u>	<u>A statement that the practitioner was not engaged to and did not conduct an examination or review of the subject matter, the objective of which would be the expression of an opinion or a conclusion, respectively, on the subject matter</u>	
<u>.25g(iii)</u>	<u>A statement that the practitioner does not express an opinion or conclusion</u>	
<u>.25g(iv)</u>	<u>A statement that had the practitioner performed additional procedures, other matters might have come to the practitioner’s attention that would have been reported</u>	
<u>.25h</u>	<u>A list of all procedures performed, or reference thereto, and related findings</u>	
		<u>The procedures and associated findings are as follows:</u> <u>Supply Side Activity</u> <u>General Procedures</u> <u>1. We obtained the “Supply Schedule” from ABC Company listing the Green-e Energy certified Renewable Energy Certificates (“Green-e”), Chicago Climate Exchange (“CCX”), Climate Action Reserve</u>

(“CAR”), and Voluntary Carbon Standard (“VCS”) certified supply and performed the following:

- a. Recalculated the supply schedule
- b. Agreed the purchased supply to CCX, CAR, VCS, or Midwest Renewable Energy Tracking System (“MRETS”) database to determine the vintage year was 20X1
- c. Observed the database of CCX, CAR, VCS, and MRETS indicating the supply was retired
- d. Obtained and viewed the carbon offset inventory supply roll-forward schedule

Findings – No exceptions were noted.

Specific Procedures

2. For all of the suppliers listed on the “Supply Schedule,” we performed the following:
 - a. Agreed the facility name to the Green-e Attestation or CCX, CAR, or VCS database, listing the year of generation, and year of omission reduction
 - b. Agreed to the project certification by Green-e, CCX, CAR, or VCS
 - c. Agreed quantity of Renewable Energy Certificates (“RECs”), CCX, CAR, or VCS CO2 offsets purchased to Green-e Attestation or CCX, CAR, or VCS database, respectively
 - d. Recalculated the tons of carbon dioxide (“CO2”) for RECs purchased according to conversion methodology
 - e. Agreed supply’s unique ID number to CCX, CAR, or VCS database

Findings – No exceptions were noted.

Sales Side Activities

General Procedures

3. We obtained the “Sales by Product Type” schedules from ABC Company and performed the following:

- a. Compared the current year listing of product types to the prior year listing of product types to determine that the “Sales by Product Type” schedules have all product types listed
- b. Agreed total CO2 sales to the Company’s internal CO2 sales listing
- c. Noted that the sales transaction dates of the CO2 sales on the “Sales by Product Type” schedules occurred during FY 20X1 by viewing the sales transaction dates
- d. Agreed total sales revenue per “Sales by Product Type” to the Company’s 20X1 internal financial statements
- e. Reconciled retirements per CCX, CAR, or VCS data files to sales per worksheets, as applicable

Findings – No exceptions were noted.

Specific Procedures

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

- a. Agreed the billing amount, billing date, and CO2 offset to the billing records
- b. Agreed the customer sales from each source to the sales by ton
- c. Viewed all Excel sales data files provided;

		<p><u>viewed for date sequence, gaps in transaction number sequencing and inquired as to any exceptions</u></p> <p><u>Findings - No exceptions were noted.</u></p> <p><u>Reservations Concerning Procedures</u></p> <p><u>Our procedures performed did not address the following:</u></p> <p>a. <u>Adequacy of the Company’s CO2 inventory methodologies (including the methodology used to calculate CO2 footprint)</u></p> <p>b. <u>Adequacy of CCX, CAR, and VCS methodologies to derive CO2 content of CCX, CAR and VCS purchases</u></p> <p>c. <u>Adequacy of methodology to determine methane CO2 equivalency and, if not measured directly, methodology to derive quantity of methane.</u></p>
<u>.25i</u>	<u>A description of the nature of assistance provided by a practitioner’s external specialist, as discussed in paragraph .11, if applicable</u>	<u>[Additional paragraph(s) may be added to describe other matters such as description of the nature of assistance provided by a practitioner’s external specialist, or reservations or restrictions concerning procedures or findings.]</u>
<u>.25j</u>	<u>Limitations on procedures or findings, if applicable</u>	
<u>.25k</u>	<u>The signature of the practitioner or the practitioner’s firm</u>	<u>[Practitioner’s signature]</u>
<u>.25l</u>	<u>The city and state where the practitioner practices</u>	<u>[Practitioner’s city and state]</u>
<u>.25m</u>	<u>The date of the practitioner’s report.</u>	<u>[Date of practitioner’s report]</u>

Illustration 4— Selected Procedures Report Related to a Union Election

<u>Requirement Paragraph No.</u>	<u>Reporting Requirement</u>	<u>Illustration</u>
<u>.25a</u>	<u>A title that clearly indicates that it is the practitioner’s selected procedures report and includes the word <i>independent</i></u>	<u>Independent Accountant’s Report on Applying Selected Procedures</u>

<u>.25b</u>	<u>An appropriate addressee as required by the circumstances of the engagement</u>	<u>[Appropriate Addressee]</u>
<u>.25c(i)</u>	<u>An identification of the intended purpose of the engagement in such a manner as to not imply that the practitioner has expressed an opinion or a conclusion on the subject matter</u>	<u>We were engaged by Local X Union to apply procedures to Local X Union’s conduct of the elections and to report in a format that describes the procedures applied and the related findings. The procedures performed may not address all of the items of interest to a user and may not meet the needs of all users.</u>
<u>.25c(ii)</u>	<u>An identification of the engaging party</u>	
<u>.25c(iii)</u>	<u>An identification of the subject matter</u>	
<u>.25c(iv)</u>	<u>An identification of the criteria used</u>	
<u>.25d</u>	<u>A statement that the engaging party is responsible for the determination of the subject matter of the engagement and, if applicable, an identification of the party, for purposes of the engagement, that has taken responsibility for the subject matter</u>	<u>Local X Union is responsible for the determination of the subject matter of this engagement as Local X Union’s conduct of the elections.</u>
<u>.25e</u>	<u>A statement that the procedures performed may not address all of the items of interest to a user and may not meet the needs of all users</u>	<u>The procedures performed may not address all of the items of interest to a user and may not meet the needs of all users</u>
<u>.25f</u>	<u>If applicable, a description of any specified materiality limits</u>	
<u>.25g(i)</u>	<u>A statement that the selected procedures engagement was conducted in accordance with the attestation standards established by the American Institute of Certified Public Accountants, which requires the practitioner to apply procedures to the subject matter and issue a written practitioner’s report that describes the procedures applied and the practitioner’s findings</u>	<u>This selected procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review on Local X Union’s conduct of the elections, the objective of which would be the expression of an opinion or conclusion, respectively, on Local X Union’s conduct of the elections. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.</u>
<u>.25g(ii)</u>	<u>A statement that the practitioner was not engaged to and did not conduct an examination or review of the subject matter, the objective of which would be the expression of an opinion or a conclusion, respectively, on the subject matter</u>	
<u>.25g(iii)</u>	<u>A statement that the practitioner does not express an opinion or conclusion</u>	

<p><u>.25g(iv)</u></p>	<p><u>A statement that had the practitioner performed additional procedures, other matters might have come to the practitioner’s attention that would have been reported</u></p>	
<p><u>.25h</u></p>	<p><u>A list of all procedures performed, or reference thereto, and related findings</u></p>	<p><u>The procedures and associated findings are as follows:</u></p> <p><u>Observers</u></p> <p><u>On [date], we observed:</u></p> <ol style="list-style-type: none"> <u>1. Each candidate had one designated observer present at the election and the counting of the ballots.</u> <u>2. Local X Union verified that each observer present was a member in good standing</u> <u>3. Observers were not allowed to handle ballots</u> <u>4. Observers were not wearing campaign buttons, stickers, or other campaign apparel</u> <p><u>No exceptions were found as a result of this procedure.</u></p> <p><u>Challenged Ballots</u></p> <p><u>On [date], we observed:</u></p> <ol style="list-style-type: none"> <u>1. Three (3) ballots were challenged by Observers</u> <u>2. For each ballot challenged:</u> <ol style="list-style-type: none"> <u>a. Voting Member was provided a blank ballot, an envelope labeled “secret ballot envelope”, and a larger envelope labeled “challenged ballot envelope”.</u> <u>b. An Election Official recorded on the outside of the challenged ballot envelope, the voting member’s name, membership number, reason for the challenge, name of person raising the challenge, resolution of the challenge, name of the Election Official, and the date.</u>

- c. Voting Member was shown to private voting area where the ballot was marked, placed in secret ballot envelope and sealed. Voting Member then placed the secret ballot envelope in the challenged ballot envelope and returned it unsealed to the Election Official.
- d. The Election Official insured the challenged ballot envelope contained the secret ballot envelope.
- e. The Voting Member then sealed the challenged ballot envelope and placed it in a separate ballot box maintained for challenged ballots.

No exceptions were found as a result of this procedure.

Counting the Ballots

On [date], we observed:

1. Local X Union elected to use machine counting for the election
2. After all Voting Members' votes were cast, the Operator of the voting machine locked all the ballot machines.
3. The machines were then opened one by one and a member of the Election Committee read and recorded the tabulations while two other Election Committee members each recorded the tabulations on separate tally sheets.
4. After all tabulations were completed, the voting machine Operator locked all of the ballot machines.
5. The Election Committee then totaled the results of the tabulation sheets.
6. The Elections Committee Chairman read the results aloud.
7. The members of the Election Committee signed the tally sheets.
8. The tally sheets were locked in a safe place.

		No exceptions were found as a result of this procedure.
<u>.25i</u>	<u>A description of the nature of assistance provided by a practitioner’s external specialist, as discussed in paragraph .11, if applicable</u>	<u>[Additional paragraph(s) may be added to describe other matters such as description of the nature of assistance provided by a practitioner’s external specialist, or reservations or restrictions concerning procedures or findings.]</u>
<u>.25j</u>	<u>Limitations on procedures or findings, if applicable</u>	
<u>.25k</u>	<u>The signature of the practitioner or the practitioner’s firm</u>	<u>[Practitioner’s signature]</u>
<u>.25l</u>	<u>The city and state where the practitioner practices</u>	<u>[Practitioner’s city and state]</u>
<u>.25m</u>	<u>The date of the practitioner’s report.</u>	<u>[Date of practitioner’s report]</u>

Illustration 5— Selected Procedures Report Related to Internal Control

<u>Requirement Paragraph No.</u>	<u>Reporting Requirement</u>	<u>Illustration</u>
<u>.25a</u>	<u>A title that clearly indicates that it is the practitioner’s selected procedures report and includes the word <i>independent</i></u>	<u>Independent Accountant’s Report on Applying Selected Procedures</u>
<u>.25b</u>	<u>An appropriate addressee as required by the circumstances of the engagement</u>	<u>[Appropriate Addressee]</u>
<u>.25c(i)</u> <u>.25c(ii)</u> <u>.25c(iii)</u>	<u>An identification of the intended purpose of the engagement in such a manner as to not imply that the practitioner has expressed an opinion or a conclusion on the subject matter</u> <u>An identification of the engaging party</u> <u>An identification of the subject matter</u>	<u>We were engaged by XYZ Association to apply procedures to XYZ Association’s internal control with respect to record keeping and to report in a format that describes the procedures applied and the related findings. The procedures performed may not address all of the items of interest to a user and may not meet the needs of all users.</u>
<u>.25c(iv)</u>	<u>An identification of the criteria used</u>	
<u>.25d</u>	<u>A statement that the engaging party is responsible for the determination of the subject matter of the engagement and, if applicable, an identification of the party, for purposes of the engagement, that has taken responsibility for the subject matter</u>	<u>XYZ Association is responsible for the determination of the subject matter of this engagement as XYZ Association’s internal control with respect to record keeping.</u>
<u>.25e</u>	<u>A statement that the procedures performed may not address all of the items of interest to a user and may not meet the needs of all users</u>	<u>The procedures performed may not address all of the items of interest to a user and may not meet the needs of all users</u>

<u>.25f</u>	<u>If applicable, a description of any specified materiality limits</u>	
<u>.25g(i)</u>	<u>A statement that the selected procedures engagement was conducted in accordance with the attestation standards established by the American Institute of Certified Public Accountants, which requires the practitioner to apply procedures to the subject matter and issue a written practitioner’s report that describes the procedures applied and the practitioner’s findings</u>	<u>This selected procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review of XYZ Association’s internal control with respect to record keeping, the objective of which would be the expression of an opinion or conclusion, respectively, on the internal control. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.</u>
<u>.25g(ii)</u>	<u>A statement that the practitioner was not engaged to and did not conduct an examination or review of the subject matter, the objective of which would be the expression of an opinion or a conclusion, respectively, on the subject matter</u>	
<u>.25g(iii)</u>	<u>A statement that the practitioner does not express an opinion or conclusion</u>	
<u>.25g(iv)</u>	<u>A statement that had the practitioner performed additional procedures, other matters might have come to the practitioner’s attention that would have been reported</u>	
<u>.25h</u>	<u>A list of all procedures performed, or reference thereto, and related findings</u>	<p><u>The procedures and associated findings are as follows:</u></p> <p style="margin-left: 40px;"><u>1. We inquired as to whether monthly financial statements are presented to the Board of Directors as required by XYZ Association’s by-laws.</u></p> <p style="margin-left: 40px;"><u>Findings – Financial statements were not presented to the Board as required. Pursuant to the Board minutes, the Treasurer provided the monthly balances in XYZ Company’s checking and money market accounts to the Board at each monthly meeting.</u></p>

2. With respect to monthly bank reconciliations for the operating and payroll cash accounts, we
 - a. Inquired as to whether all monthly bank statements are promptly presented, unopened to the Association’s Treasurer.
 - b. Inquired as to whether the Treasurer opens and reviews the bank statements, including the copies of canceled checks, for unusual items and errors.
 - c. Inquired as to whether the Treasurer promptly reconciles all monthly bank accounts.
 - d. Inquired as to whether all differences are promptly addressed and resolved.

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

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

Findings – All checks were signed by an authorized signor.

4. We selected three bank reconciliations for the operating and payroll cash accounts and observed that they had been reconciled and that all differences had been addressed and resolved.

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

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

Findings – No exceptions noted.

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

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

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

Findings – The Treasurer stated that all Association financial records are stored at the Association’s office and that bank statements are retained for five years and other records for three years.

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

a. All disbursements were made in accordance with the Association’s procedures as approved

		<p style="text-align: center;"><u>by the Board of Directors.</u></p> <p><u>b. All disbursements were made for the direct benefit of Association members.</u></p> <p><u>c. All disbursements were made by a properly executed check.</u></p> <p><u>d. Checks were not made payable to “Cash”</u></p> <p><u>e. Documentation is maintained that supports the disbursements and shows that the disbursement was approved by the appropriate individual</u></p> <p><u>f. Payments to contractors were reported to the Internal Revenue Service and Forms 1099 were issued, as appropriate.</u></p> <p><u>g. Checks were posted to the transaction journal.</u></p> <p><u>Findings – 21 out of 27 cash disbursements were not supported by original vendor invoices. Also, 26 disbursements were not properly approved for payment.</u></p>
<u>.25i</u>	<u>A description of the nature of assistance provided by a practitioner’s external specialist, as discussed in paragraph .11, if applicable</u>	<u>[Additional paragraph(s) may be added to describe other matters such as description of the nature of assistance provided by a practitioner’s external specialist, or reservations or restrictions concerning procedures or findings.]</u>
<u>.25j</u>	<u>Limitations on procedures or findings, if applicable</u>	
<u>.25k</u>	<u>The signature of the practitioner or the practitioner’s firm</u>	<u>[Practitioner’s signature]</u>
<u>.25l</u>	<u>The city and state where the practitioner practices</u>	<u>[Practitioner’s city and state]</u>
<u>.25m</u>	<u>The date of the practitioner’s report.</u>	<u>[Date of practitioner’s report]</u>

Illustration 6— Selected Procedures Report Related to a Financial Statement Element

<u>Requirement Paragraph No.</u>	<u>Reporting Requirement</u>	<u>Illustration</u>
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<u>.25a</u>	<u>A title that clearly indicates that it is the practitioner’s selected procedures report and includes the word <i>independent</i></u>	<u>Independent Accountant’s Report on Applying Selected Procedures</u>
<u>.25b</u>	<u>An appropriate addressee as required by the circumstances of the engagement</u>	<u>[Appropriate Addressee]</u>
<u>.25c(i)</u>	<u>An identification of the intended purpose of the engagement in such a manner as to not imply that the practitioner has expressed an opinion or a conclusion on the subject matter</u>	<u>We were engaged by ABC Company to apply procedures to the accounts payable of ABC Company as of December 31, 20X1 and to report in a format that describes the procedures applied and the related findings. The procedures performed may not address all of the items of interest to a user and may not meet the needs of all users.</u>
<u>.25c(ii)</u>	<u>An identification of the engaging party</u>	
<u>.25c(iii)</u>	<u>An identification of the subject matter</u>	
<u>.25c(iv)</u>	<u>An identification of the criteria used</u>	
<u>.25d</u>	<u>A statement that the engaging party is responsible for the determination of the subject matter of the engagement and, if applicable, an identification of the party, for purposes of the engagement, that has taken responsibility for the subject matter</u>	<u>ABC Company is responsible for the determination of the subject matter of this engagement as the accounts payable of ABC Company as of December 31, 20X1.</u>
<u>.25e</u>	<u>A statement that the procedures performed may not address all of the items of interest to a user and may not meet the needs of all users</u>	<u>The procedures performed may not address all of the items of interest to a user and may not meet the needs of all users</u>
<u>.25f</u>	<u>If applicable, a description of any specified materiality limits</u>	
<u>.25g(i)</u>	<u>A statement that the selected procedures engagement was conducted in accordance with the attestation standards established by the American Institute of Certified Public Accountants, which requires the practitioner to apply procedures to the subject matter and issue a written practitioner’s report that describes the procedures applied and the practitioner’s findings</u>	<u>This selected procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review of ABC Company’s accounts payable as of December 31, 20X1, the objective of which would be the expression of an opinion or conclusion, respectively, on the accounts payable. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.</u>
<u>.25g(ii)</u>	<u>A statement that the practitioner was not engaged to and did not conduct an examination or review of the subject matter, the objective of which would be the expression of an opinion or a conclusion, respectively, on the subject matter</u>	

<p><u>.25g(iii)</u></p> <p><u>.25g(iv)</u></p>	<p><u>A statement that the practitioner does not express an opinion or conclusion</u></p> <p><u>A statement that had the practitioner performed additional procedures, other matters might have come to the practitioner’s attention that would have been reported</u></p>	
<p><u>.25h</u></p>	<p><u>A list of all procedures performed, or reference thereto, and related findings</u></p>	<p><u>The procedures and associated findings are as follows:</u></p> <ol style="list-style-type: none"> <u>1. We agreed the total accounts payable balance in ABC Company’s trail balance as of December 31, 20X1 to the balance in the related general ledger account.</u> <p><u>Findings – No exceptions were noted.</u></p> <ol style="list-style-type: none"> <u>2. We compared the (attached list) of major suppliers and amounts owing as of December 31, 20X1 to the related names and amounts in the trial balance.</u> <p><u>Findings – No exceptions were noted.</u></p> <ol style="list-style-type: none"> <u>3. We obtained suppliers’ statements or requested suppliers to confirm balances owing as of December 31, 20X1</u> <p><u>Findings – No exceptions were noted.</u></p> <ol style="list-style-type: none"> <u>4. We compared such statements or confirmations to the amounts referred to in procedure 2. For amounts which did not agree, we obtained reconciliations from ABC Company. For reconciliations obtained, we identified</u>

		<u>and listed outstanding invoices, credit notes and outstanding checks, each of which was greater than XXX.</u> <u>Findings – No exceptions were noted.</u>
<u>.25i</u>	<u>A description of the nature of assistance provided by a practitioner’s external specialist, as discussed in paragraph .11, if applicable</u>	<u>[Additional paragraph(s) may be added to describe other matters such as description of the nature of assistance provided by a practitioner’s external specialist, or reservations or restrictions concerning procedures or findings.]</u>
<u>.25j</u>	<u>Limitations on procedures or findings, if applicable</u>	
<u>.25k</u>	<u>The signature of the practitioner or the practitioner’s firm</u>	<u>[Practitioner’s signature]</u>
<u>.25l</u>	<u>The city and state where the practitioner practices</u>	<u>[Practitioner’s city and state]</u>
<u>.25m</u>	<u>The date of the practitioner’s report.</u>	<u>[Date of practitioner’s report]</u>