

AT-C Section 215*

Agreed-Upon Procedures Engagements

Source: SSAE No. 18

Effective for agreed-upon procedures reports dated on or after May 1, 2017.

Introduction

.01 This section contains performance and reporting requirements and application guidance for all agreed-upon procedures engagements. The requirements and guidance in this section supplement the requirements and guidance in section 105, *Concepts Common to All Attestation Engagements*.

.02 An *agreed-upon procedures engagement* is one in which a practitioner is engaged to issue, or does issue, a practitioner's report of findings based on specific agreed-upon procedures applied to subject matter for use by specified parties. Because the specified parties require that findings be independently derived, the services of a practitioner are obtained to perform procedures and report the practitioner's findings. The specified parties determine the procedures they believe to be appropriate to be applied by the practitioner. Because the needs of specified parties may vary widely, the nature, timing, and extent of the agreed-upon procedures may vary, as well; consequently, the specified parties assume responsibility for the sufficiency of the procedures because they best understand their own needs. In an engagement performed under this section, the practitioner does not perform an examination or a review and does not provide an opinion or conclusion. Instead, the report on agreed-upon procedures is in the form of procedures and findings.

.03 When a practitioner performs services pursuant to an engagement to apply agreed-upon procedures to subject matter as part of or in addition to another form of service, this section applies only to those services described herein; other professional standards would apply to the other services. Other services may include an audit, review, or compilation of a financial statement, another attestation service performed pursuant to the attestation standards, or a nonattestation service. A practitioner's report on applying agreed-upon procedures to subject matter may be combined with a report on such other services, provided the types of services can be clearly distinguished, and the applicable standards for each service are followed. (Ref: par. .A1)

.04 This section does not apply to engagements to issue letters (commonly referred to as *comfort letters*) to underwriters and certain other requesting parties.¹

Effective Date

.05 This section is effective for agreed-upon procedures reports dated on or after May 1, 2017.

* This section contains an "AT-C" identifier, instead of an "AT" identifier, to avoid confusion with references to existing "AT" sections, which remain effective through April 2017.

¹ See AU-C section 920, *Letters for Underwriters and Certain Other Requesting Parties*.

Objectives

.06 In conducting an agreed-upon procedures engagement, the objectives of the practitioner are to

- a. apply to the subject matter procedures that are established by specified parties who are responsible for the sufficiency of the procedures for their purposes; (Ref: par. .A2)
- b. issue a written practitioner's report that describes the procedures applied and the practitioner's findings; and
- c. communicate further as required by relevant AT-C sections.

Definition

.07 For purposes of this section, the following term has the meaning attributed as follows:

Nonparticipant party. An additional specified party the practitioner is requested to add as a user of the practitioner's report subsequent to the completion of the agreed-upon procedures engagement. (The term *specified party* is defined in section 105.²)

Requirements

Conduct of an Agreed-Upon Procedures Engagement

.08 In performing an agreed-upon procedures engagement, the practitioner should comply with this section, section 105, and any subject-matter section that is relevant to the engagement. A subject-matter AT-C section is relevant to the engagement when it is in effect, and the circumstances addressed by the AT-C section exist. (Ref: par. .A3–.A4)

Preconditions for an Agreed-Upon Procedures Engagement

.09 Section 105 indicates that a practitioner must be independent when performing an attestation engagement in accordance with the attestation standards unless the practitioner is required by law or regulation to accept the engagement and report on the subject matter or assertion.³ When the practitioner is not independent but is required by law or regulation to accept an agreed-upon procedures engagement and report on the procedures performed and findings obtained, the practitioner's report should specifically state that the practitioner is not independent. The practitioner is neither required to provide, nor precluded from providing, the reasons for the lack of independence; however, if the practitioner chooses to provide the reasons for the lack of independence, the practitioner should include all the reasons therefor.

.10 In order to establish that the preconditions for an agreed-upon procedures engagement are present, the practitioner should determine that the following conditions, in addition to the preconditions identified in section 105, are present:⁴ (Ref: par. .A5–.A6)

² Paragraph .10 of section 105, *Concepts Common to All Attestation Engagements*.

³ Paragraph .24 of section 105.

⁴ Paragraphs .24–.28 of section 105.

- a. The specified parties agree on the procedures performed, or to be performed, by the practitioner.
- b. The specified parties take responsibility for the sufficiency of the agreed-upon procedures for their purposes. (Ref: par. .A6)
- c. The practitioner determines that the procedures can be performed and reported on in accordance with this section.
- d. The procedures to be applied to the subject matter are expected to result in reasonably consistent findings using the criteria.
- e. When applicable, the practitioner agrees to apply any materiality limits established by the specified parties for reporting purposes.
- f. Use of the practitioner's report is to be restricted to the specified parties.

.11 The practitioner should not accept an agreed-upon procedures engagement when the specified parties do not agree upon the procedures performed, or to be performed, or do not take responsibility for the sufficiency of the procedures for their purposes. (See paragraphs .38–.40 for the requirements and related application guidance on satisfying these requirements when the practitioner is requested to add a nonparticipant party.) (Ref: par. .A6)

Agreeing on the Terms of the Engagement

.12 The practitioner should agree upon the terms of the engagement with the engaging party. The agreed-upon terms of the engagement should be specified in sufficient detail in an engagement letter or other suitable form of written agreement. (Ref: par. .A7)

.13 The agreement should be addressed to the engaging party.

.14 The agreed-upon terms of the engagement should include the following:

- a. The nature of the engagement
- b. Identification of the subject matter or assertion, the responsible party, and the criteria to be used (Ref: par. .A8)
- c. Identification of specified parties
- d. Acknowledgment by the specified parties of their responsibility for the sufficiency of the procedures (Ref: par. .A6)
- e. The responsibilities of the practitioner (Ref: par. .A9–.A10)
- f. A statement that the engagement will be conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants
- g. Agreement on procedures by enumerating (or referring to) the procedures
- h. Disclaimers expected to be included in the practitioner's report
- i. Use restrictions
- j. Assistance to be provided to the practitioner
- k. Involvement of a practitioner's external specialist, if applicable
- l. Agreed-upon materiality limits specified by the specified parties, if applicable

Requesting a Written Assertion

.15 The practitioner should request from the responsible party a written assertion about the measurement or evaluation of the subject matter against the criteria. (Ref: par. .A11–.A15)

.16 If the engaging party is not the responsible party, and the practitioner is aware that the responsible party refuses to provide the practitioner with a written assertion, the written agreement required by paragraph .12 should make clear that no such assertion will be provided to the practitioner. (Ref: par. .A15)

Procedures to Be Performed

.17 The procedures agreed upon pursuant to paragraph .14g should specify the nature, timing, and extent of the procedures. (Ref: par. .A16–.A20)

.18 In some circumstances, the procedures agreed upon evolve or are modified over the course of the engagement. In such circumstances, the practitioner should amend the engagement letter or other suitable form of written agreement, as applicable, to reflect the modified procedures.

.19 The practitioner should not agree to perform procedures that are open to varying interpretations. Terms of uncertain meaning (such as *general review*, *limited review*, *check*, or *test*) should not be used in describing the procedures unless such terms are defined within the agreed-upon procedures. (Ref: par. .A21)

.20 The practitioner should obtain evidence from applying the agreed-upon procedures to provide a reasonable basis for the finding or findings expressed in the practitioner's report but need not perform additional procedures outside the scope of the engagement to gather additional evidence.

Using the Work of a Practitioner's External Specialist

.21 The practitioner and the specified parties should explicitly agree to the involvement of a practitioner's external specialist if assisting a practitioner in the performance of an agreed-upon procedures engagement. (Ref: par. .A22–.A24)

.22 The practitioner's report should describe the nature of the assistance provided by the practitioner's external specialist.

Using the Work of Internal Auditors or Other Practitioners

.23 The agreed-upon procedures to be enumerated or referred to in the practitioner's report should be performed entirely by the engagement team or other practitioners. (Ref: par. .A25–.A27)

Findings

.24 A practitioner should present the results of applying agreed-upon procedures to specific subject matter in the form of findings.

.25 The practitioner's report should not express an opinion or conclusion about whether the subject matter is in accordance with (or based on) the criteria or whether the assertion is fairly stated, for example, the report should not state, "Nothing came to our attention that caused us to believe that the

subject matter is not in accordance with (or based on) the criteria, in all material respects, or that the assertion is not fairly stated, in all material respects."

.26 The practitioner should report all findings from application of the agreed-upon procedures. Any agreed-upon materiality limits should be described in the practitioner's report. (Ref: par. .A28)

.27 The practitioner should avoid vague or ambiguous language in reporting findings. (Ref: par. .A29)

Written Representations

.28 The practitioner should request from the responsible party written representations in the form of a letter addressed to the practitioner. The representations should (Ref: par. .A30)

- a. include the responsible party's assertion about the subject matter based on the criteria.
- b. state that all known matters contradicting the subject matter or assertion and any communication from regulatory agencies or others affecting the subject matter or assertion have been disclosed to the practitioner, including communications received between the end of the period addressed in the written assertion and the date of the practitioner's report.
- c. acknowledge responsibility for
 - i. the subject matter and the assertion;
 - ii. selecting the criteria, when applicable; and
 - iii. determining that such criteria are appropriate for the responsible party's purposes.
- d. state that it has provided the practitioner with access to all records relevant to the subject matter and the agreed-upon procedures.
- e. state that the responsible party has disclosed to the practitioner other matters as the practitioner deems appropriate.

.29 When the engaging party is not the responsible party, the practitioner should request written representations from the engaging party, in addition to those requested from the responsible party, in the form of a letter addressed to the practitioner. The representations should

- a. acknowledge that the responsible party is responsible for the subject matter and assertion.
- b. acknowledge the engaging party's responsibility for selecting the criteria, when applicable.
- c. acknowledge the engaging party's responsibility for determining that such criteria are appropriate for its purposes.
- d. state that the engaging party is not aware of any material misstatements in the subject matter or assertion.
- e. state that the engaging party has disclosed to the practitioner all known events subsequent to the period (or point in time) of the subject matter being reported on that would have a material effect on the subject matter or assertion.
- f. address other matters as the practitioner deems appropriate.

.30 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.

Requested Written Representations Not Provided or Not Reliable

.31 When the engaging party is the responsible party, and one or more of the requested written representations are not provided, or the practitioner concludes that there is sufficient doubt about the competence, integrity, ethical values, or diligence of those providing the written representations, or the practitioner concludes that the written representations are otherwise not reliable, the practitioner should

- a. discuss the matter with the appropriate party(ies);
- b. reevaluate the integrity of those from whom the representations were requested or received and evaluate the effect, if any, on the engagement; and
- c. if any of the matters are not resolved to the practitioner's satisfaction, take appropriate action. (Ref: par. .A31)

.32 When the engaging party is not the responsible party

- a. if one or more of the requested representations in paragraph .28 are not provided in writing by the responsible party, the practitioner should make inquiries of the responsible party about, and seek oral responses to, the matters in paragraph .28. (Ref: par. .A32)
- b. if one or more of the requested representations are not provided in writing or orally from the responsible party, the practitioner should take appropriate action. (Ref: par. .A33)

Preparing the Practitioner's Report

.33 The practitioner's report should be in writing. (Ref: par. .A34)

.34 The practitioner's report should be in the form of procedures and findings.

Content of the Practitioner's Agreed-Upon Procedures Report

.35 The practitioner's agreed-upon procedures report should include the following:

- a. A title that includes the word *independent*. (Ref: par. .A35)
- b. An appropriate addressee as required by the circumstances of the engagement.
- c. An identification of the subject matter or assertion and the nature of an agreed-upon procedures engagement. (Ref: par. .A36)
- d. An identification of the specified parties.
- e. A statement that the procedures performed were those agreed to by the specified parties identified in the report.
- f. A statement that identifies the responsible party and its responsibility for the subject matter or its assertion.
- g. A statement that
 - i. the sufficiency of the procedures is solely the responsibility of the parties specified in the report.

- ii. the practitioner makes no representation regarding the sufficiency of the procedures either for the purpose for which the report has been requested or for any other purpose.
- h. A list of the procedures performed (or reference thereto) and related findings. (The practitioner should not provide a conclusion. See paragraph .25.)
- i. When applicable, a description of any agreed-upon materiality limits.
- j. A statement that
 - i. the agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants.
 - ii. the practitioner was not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the subject matter.
 - iii. the practitioner does not express such an opinion or conclusion.
 - iv. had the practitioner performed additional procedures, other matters might have come to the practitioner's attention that would have been reported. (Ref: par. .A37)
- k. When applicable, a description of the nature of the assistance provided by a practitioner's external specialist, as discussed in paragraphs .21–.22.
- l. When applicable, reservations or restrictions concerning procedures or findings. (Ref: par. .A38)
- m. An alert, in a separate paragraph, that restricts the use of the report. The alert should
 - i. state that the practitioner's report is intended solely for the information and use of the specified parties,
 - ii. identify the specified parties for whom use is intended, and
 - iii. state that the report is not intended to be, and should not be, used by anyone other than the specified parties. (Ref: par. .A39 –.A40)
- n. When the engagement is also performed in accordance with Government Auditing Standards, the alert that restricts the use of the report should include the following information, rather than the information required by paragraph .35m:
 - i. A description of the purpose of the report, and
 - ii. A statement that the report is not suitable for any other purpose.
- o. The manual or printed signature of the practitioner's firm.
- p. The city and state where the practitioner practices. (Ref: par. .A41)
- q. The date of the report. (The report should be dated no earlier than the date on which the practitioner completed the procedures and determined the findings, including that
 - i. the attestation documentation has been reviewed,
 - ii. if applicable, the written presentation of the subject matter has been prepared, and

- iii. the responsible party has provided a written assertion, unless the responsible party refuses to provide an assertion.)

Responsible Party Refuses to Provide a Written Assertion

.36 When the responsible party refuses to provide the practitioner with a written assertion, the practitioner should disclose in the practitioner's report the responsible party's refusal to provide a written assertion. (Ref: par. .A42–.A43)

Restrictions on the Performance of Procedures

.37 When circumstances impose restrictions on the performance of the agreed-upon procedures, the practitioner should attempt to obtain agreement from the specified parties for modification of the agreed-upon procedures. When such agreement cannot be obtained (for example, when the agreed-upon procedures are published by a regulatory agency that will not modify the procedures), the practitioner should describe any restrictions on the performance of procedures in the practitioner's report or withdraw from the engagement.

Adding Specified Parties (Nonparticipant Parties)

.38 If the practitioner agrees to add a nonparticipant party, the practitioner should obtain affirmative acknowledgment, normally in writing, from the nonparticipant party agreeing to the procedures performed and of its taking responsibility for the sufficiency of the procedures. (Ref: par. .A44)

.39 If the practitioner's report is reissued to acknowledge the nonparticipant party, the date of the report should not be changed. (Ref: par. .A44)

.40 If the practitioner provides written acknowledgment that the nonparticipant party has been added as a specified party, such written acknowledgment ordinarily should state that no procedures have been performed subsequent to the date of the practitioner's report.

Knowledge of Matters Outside Agreed-Upon Procedures

.41 Although the practitioner need not perform procedures beyond the agreed-upon procedures, if in connection with the application, and through the completion of, the agreed-upon procedures engagement, matters come to the practitioner's attention by other means that significantly contradict the subject matter or assertion referred to in the practitioner's report, the practitioner should include this matter in the practitioner's report. (Ref: par. .A45–.A46)

Communication Responsibilities

.42 The practitioner should communicate to the responsible party known and suspected fraud and noncompliance with laws or regulations. When the engaging party is not the responsible party, the practitioner should also communicate this information to the engaging party.

Documentation

.43 The practitioner should prepare engagement documentation that is sufficient to determine (Ref: par. .A47)

- a. the specified parties' agreement on the procedures.

- b. the nature, timing, and extent of the procedures performed to comply with relevant AT-C sections and applicable legal and regulatory requirements, including
 - i. the identifying characteristics of the specific items or matters tested;
 - ii. who performed the engagement work and the date such work was completed;
 - iii. when the engaging party is the responsible party and the responsible party will not provide one or more of the requested written representations or the practitioner concludes that there is sufficient doubt about the competence, integrity, ethical values, or diligence of those providing the written representations, or that the written representations are otherwise not reliable, the matters in paragraph .31a–c;
 - iv. when the engaging party is not the responsible party and the responsible party will not provide the written representations regarding the matters in paragraph .28, the oral responses from the responsible party to the practitioner's inquiries regarding the matters in paragraph .28, in accordance with paragraph .32; and (Ref: par. .A32)
 - v. who reviewed the engagement work performed and the date and extent of such review.
- c. the results of the procedures performed and the evidence obtained.

Application and Other Explanatory Material

Introduction (Ref: par. .03)

.A1 A practitioner may issue a single combined practitioner's report that includes (a) a practitioner's report on subject matter or a presentation that requires a restriction on use to specified parties and (b) a report on subject matter or a presentation that ordinarily does not require such a restriction. The use of such a single combined report may be restricted to the specified parties. In some instances, a separate restricted use report may be included in a document that also contains a general use report. The inclusion of a separate restricted use report in a document that contains a general use report does not affect the intended use of either report. The restricted use report remains restricted as to use, and the general use report continues to be for general use.

Objectives (Ref: par. .06a)

.A2 In an agreed-upon procedures engagement, the practitioner applies procedures to the subject matter of the engagement. Even though the procedures are established by the specified parties, the requirements and guidance related to the subject matter and criteria in section 105 apply.

Conduct of an Agreed-Upon Procedures Engagement (Ref: par. .08, .10, and .14d)

.A3 For example, if a practitioner were performing agreed-upon procedures related to an entity's compliance with requirements of specified laws,

regulations, rules, contracts, or grants, section 105, this section, and section 315, *Compliance Attestation*, would be relevant.

.A4 Although independence is required for agreed-upon procedures engagements, the "Agreed-Upon Procedures Engagements Performed in Accordance With SSAEs" interpretation (ET sec. 1.297.020) establishes independence requirements unique to such engagements.

.A5 To satisfy the requirements that the specified parties agree upon, the procedures performed or to be performed, and that the specified parties take responsibility for the sufficiency of the agreed-upon procedures for their purposes, the practitioner ordinarily communicates directly with and obtains affirmative acknowledgment from each of the specified parties. For example, this may be accomplished by meeting with the specified parties or by distributing a draft of the anticipated practitioner's report or a copy of an engagement letter to the specified parties and obtaining their agreement. If the practitioner is not able to communicate directly with all the specified parties, the practitioner may satisfy these requirements by applying any one or more of the following or similar procedures:

- Compare the procedures to be applied to written requirements of the specified parties.
- Discuss the procedures to be applied with appropriate representatives of the specified parties involved.
- Review relevant contracts with or correspondence from the specified parties.

.A6 Specified parties are responsible for the sufficiency (nature, timing, and extent) of the agreed-upon procedures because they best understand their own needs. The specified parties assume the risk that such procedures might be insufficient for their purposes. In addition, the specified parties assume the risk that they might misunderstand or otherwise inappropriately use findings properly reported by the practitioner.

Agreeing on the Terms of the Engagement (Ref: par. .12 and .14b and e)

.A7 It is in the interests of both the engaging party and the practitioner to document the agreed-upon terms of the engagement before the commencement of the engagement to help avoid misunderstandings. The form and content of the engagement letter or other suitable form of written agreement will vary with the engagement circumstances.

.A8 The criteria may be indicated in the procedures as opposed to being described separately.

.A9 The responsibility of the practitioner is to carry out the procedures and report the findings in accordance with the attestation standards. The practitioner assumes the risk that misapplication of the procedures may result in inappropriate findings being reported. Furthermore, the practitioner assumes the risk that appropriate findings may not be reported or may be reported inaccurately. The practitioner's risks can be reduced through adequate planning and supervision and due professional care in performing the procedures, accumulating the findings, and preparing the practitioner's report.

.A10 The practitioner has no responsibility to determine the differences between the agreed-upon procedures to be performed and the procedures that the practitioner would have determined to be necessary had the practitioner

been engaged to perform another form of attestation engagement. The procedures that the practitioner agrees to perform pursuant to an agreed-upon procedures engagement may be more or less extensive than the procedures that the practitioner would determine to be necessary had he or she been engaged to perform another form of engagement.

Requesting a Written Assertion (Ref: par. .15–.16)

.A11 Situations may arise in which the current responsible party was not present during some or all of the period covered by the practitioner's report. Such persons may contend that they are not in a position to provide a written assertion that covers the entire period because they were not in place during some or all of the period. This fact, however, does not diminish such persons' responsibilities for the subject matter as a whole. Accordingly, the requirement for the practitioner to request a written assertion from the responsible party that covers the entire relevant period(s) still applies.

.A12 Paragraph .28a requires the practitioner to request a written representation from the responsible party that is the same as the responsible party's assertion. If the responsible party provides the practitioner with the written representation in paragraph .28a, the practitioner need not request a separate written assertion, unless a separate written assertion is called for by the engagement circumstances.

.A13 In an agreed-upon procedures engagement, the procedures that the practitioner is asked to perform frequently consist of comparing information from one source with information from another source to determine whether they agree. For that reason, the criteria identified in the assertion might be the agreement of one amount with another amount.

.A14 The following are examples of assertions the responsible party might make related to accounts receivable in the engagement that results in the practitioner's report illustrated in example 2 of paragraph .A48:

- General ledger account 250, "Accounts Receivable," as of December 31, 20XX, accurately summarizes the accounts receivable aged trial balance, which accurately summarizes individual customer account balances as of that date.
- The accounts receivable subsidiary ledger as of December 31, 20XX accurately summarizes individual account balances in the aged trial balance of accounts receivable as of that date.
- The aged trial balance of accounts receivable as of December 31, 20XX, accurately ages outstanding invoices in the accounts receivable subledger as of that date.
- The accounts receivable trial balance as of December 31, 20XX, accurately summarizes amounts due from customers at that date.

Alternatively, a single assertion such as the following might be appropriate:

- The accounts receivable aged trial balance as of December 31, 20XX, accurately presents the general ledger balance and the amounts and ages of individual customer balances as of that date.
- Additional assertions would be necessary for the engagement resulting in the report in example 2 of paragraph .A48, for example, an assertion about cash, or in the case of a single assertion, the assertion would need to be modified to address cash.

.A15 Paragraph .36 contains reporting requirements for situations in which the responsible party refuses to provide the practitioner with a written assertion.

Procedures to Be Performed (Ref: par. .17 and .19)

.A16 The procedures that the practitioner and specified parties agree upon may be as limited or as extensive as the specified parties desire. However, mere reading of an assertion or specified information about the subject matter does not constitute a procedure sufficient to permit a practitioner to report on the results of applying agreed-upon procedures.

.A17 Examples of appropriate procedures include the following:

- Execution of a sampling application after agreeing on relevant parameters
- Inspection of specified documents evidencing certain types of transactions or detailed attributes thereof
- Confirmation of specific information with third parties
- Comparison of documents, schedules, or analyses with certain specified attributes
- Performance of specific procedures on work performed by others
- Performance of mathematical computations

.A18 Examples of inappropriate procedures include the following:

- 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

.A19 If the practitioner is selecting a sample, stating the size of the sample and how the selection was made (after agreement by the specified parties regarding the relevant parameters) contributes to the specificity of the description of procedures performed (for example, 50 items starting at the eighth item and selecting every fifteenth item thereafter or invoices issued from May 1 to July 31, 20XX).

.A20 Examples of other information the practitioner may include are the date the procedure was performed and the sources of information used in performing the procedure.

.A21 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:

- Inspect
- Confirm
- Compare
- Agree
- Trace

- Inquire
- Recalculate
- Observe
- Mathematically check

Conversely, the following descriptions of actions (unless defined to indicate the nature, timing, and extent of the procedures associated with these actions) generally are not acceptable because they are not sufficiently precise or have an uncertain meaning:

- Note
- Review
- General review
- Limited review
- Evaluate
- Analyze
- Check
- Test
- Interpret
- Verify
- Examine

Using the Work of a Practitioner's External Specialist (Ref: par. .21)

.A22 The practitioner's education and experience enable the practitioner to be knowledgeable about business matters in general, but the practitioner is not expected to have the expertise of a person trained for or qualified to engage in the practice of another profession or occupation. In certain circumstances, it may be appropriate to involve a practitioner's external specialist to assist the practitioner in the performance of one or more procedures. The following are examples of such circumstances:

- An attorney providing assistance concerning the interpretation of legal terminology in laws, regulations, rules, contracts, or grants
- A medical specialist providing assistance in understanding the characteristics of diagnosis codes documented in patient medical records
- An environmental engineer providing assistance in interpreting environmental remedial action regulatory directives that may affect the agreed-upon procedures applied to an environmental liabilities account in a financial statement
- A geologist providing assistance in distinguishing between the physical characteristics of a generic minerals group related to information to which the agreed-upon procedures are applied

.A23 The agreement regarding the involvement of a practitioner's external specialists may be reached when obtaining agreement on the procedures performed, or to be performed, and acknowledgment of responsibility for the sufficiency of the procedures, as discussed in paragraph .10*b*.

.A24 A practitioner may agree to apply procedures to the report or work product of a practitioner's external specialist that does not constitute assistance by the external specialist to the practitioner in an agreed-upon procedures engagement. For example, the practitioner may make reference to information contained in a report of a practitioner's external specialist in describing an agreed-upon procedure. However, it is inappropriate for the practitioner to agree to merely read the external specialist's report solely to describe or repeat the findings or to take responsibility for all or a portion of any procedures performed by a practitioner's external specialist or the external specialist's work product.

Using the Work of Internal Auditors or Other Practitioners (Ref: par. .23)

.A25 Internal auditors or other personnel may prepare schedules and accumulate data or provide other information for the practitioner's use in performing the agreed-upon procedures. Also, internal auditors may perform and report separately on procedures that they have carried out. Such procedures may be similar to those that a practitioner may perform under this section.

.A26 A practitioner may agree to perform procedures on information documented in the working papers of internal auditors. For example, the practitioner may agree to

- 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.

.A27 It is inappropriate for the practitioner to

- agree to merely read the internal auditors' report solely to describe or repeat their findings.
- take responsibility for all or a portion of any procedures performed by internal auditors by reporting those findings as the practitioner's own.
- report in any manner that implies shared responsibility for the procedures with the internal auditors.

Findings (Ref: par. .26–.27)

.A28 The concept of materiality does not apply to findings to be reported in an agreed-upon procedures engagement unless the definition of materiality is agreed to by the specified parties. An example of language that describes a materiality limit is "For purposes of performing these agreed-upon procedures, no exceptions were reported for differences of \$1,000 or less resulting solely from the rounding of amounts disclosed."

.A29 The following table provides examples of appropriate and inappropriate descriptions of findings resulting from the application of certain agreed-upon procedures.

<i>Procedures Agreed Upon</i>	<i>Appropriate Description of Findings</i>	<i>Inappropriate Description of Findings</i>
Inspect the shipment dates for a sample (agreed-upon) 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 an agreed-upon formula) and determine whether the resultant percentage agrees to the percentage in an identified schedule.	No exceptions were found as a result of applying the procedure.	The resultant percentage approximated the predetermined percentage in the identified schedule.
Inspect the quality standards classification codes in identified performance test documents for products produced during [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.

(continued)

<i>Procedures Agreed Upon</i>	<i>Appropriate Description of Findings</i>	<i>Inappropriate Description of Findings</i>
Compare the amounts of the invoices included in the "over 90 days" column shown in an identified schedule of aged accounts receivable of a specific customer as of [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.	All outstanding invoice amounts agreed with the amounts shown on the schedule in the "over 90 days" column, and the dates shown on such outstanding invoices preceded the date indicated on the schedule by more than 90 days.	The outstanding invoice amounts agreed within approximation of the amounts shown on the schedule in the "over 90 days" column, and nothing came to our attention that the dates shown on such outstanding invoices preceded the date indicated on the schedule by more than 90 days.
Obtain from XYZ Company [personnel specified by management], the [date] bank reconciliations. Confirm with the bank the cash on deposit as of [date]. Compare the balance confirmed by the bank to the amount shown on the bank reconciliations.	Obtained from XYZ Company [personnel specified by management], the [date] bank reconciliations. Obtained bank confirmations of the cash on deposit as of [date]. Compared the balance confirmed by the bank to the amount shown on the bank reconciliations. [List all exceptions.]	No exceptions were identified in the confirmations received, and nothing came to our attention as a result of applying the procedures.

Written Representations (Ref: par. .28)

.A30 Written confirmation of oral representations reduces the possibility of misunderstandings between the practitioner and the responsible party. The person(s) from whom the practitioner requests written representations is ordinarily a member of senior management or those charged with governance depending on, for example, the management and governance structure of the responsible party(ies), which may vary by entity, reflecting influences such as size and ownership characteristics.

Requested Written Representations Not Provided or Not Reliable (Ref: par. .31c, .32, and .43b[iv])

.A31 Appropriate actions the practitioner might consider in the circumstances described in paragraph .31c include

- withdrawing from the engagement.
- determining the effect on the practitioner's report.

.A32 Documentation requirements regarding the responsible party's oral responses to the practitioner's inquiries about the matters in paragraph .28 are included in paragraph .43b(iv).

.A33 Appropriate action the practitioner might consider in the circumstances described in paragraph .32b include

- withdrawing from the engagement.
- determining the effect on the practitioner's report.

Preparing the Practitioner's Report (Ref: par. .33)

.A34 This section does not require a standardized format for reporting on all agreed-upon procedures engagements. Instead, it identifies the basic elements that the report is to include. The report is tailored to the specific engagement circumstances. The practitioner may use headings, separate paragraphs, paragraph numbers, typographical devices (for example, the bolding of text), and other mechanisms to enhance the clarity and readability of the report.

Content of the Practitioner's Agreed-Upon Procedures Report

Title (Ref: par. .35a)

.A35 A title indicating that the practitioner's report is the report of an independent practitioner (for example, "Independent Practitioner's Report," "Report of Independent Certified Public Accountant," or "Independent Accountant's Report") affirms that the practitioner has met all of the relevant ethical requirements regarding independence and, therefore, distinguishes the independent practitioner's report from reports issued by others.

Identification of the Subject Matter or Assertion (Ref: par. .35c)

.A36 A practitioner may be asked to apply agreed-upon procedures to more than one subject matter or assertion. In these engagements, the practitioner may issue one practitioner's report that refers to all subject matter covered or assertions presented. Section 315 contains an example of language that may be used in the introductory paragraph to address such circumstances.⁵

Statement When the Subject Matter Consists of Elements, Accounts, or Items of a Financial Statement (Ref: par. .35j)

.A37 If the subject matter consists of elements, accounts, or items of a financial statement, the practitioner's report might, instead, state that the agreed-upon procedures do not constitute an audit (or a review) of financial statements or any part thereof, the objective of which is the expression of an opinion (or conclusion) on the financial statements or a part thereof.

Reservations or Restrictions Concerning Procedures or Findings (Ref: par. .35l)

.A38 The practitioner also may include a separate paragraph(s) in the practitioner's report about matters such as the following:

⁵ Paragraph .A32 of section 315, *Compliance Attestation*.

- Disclosure of stipulated facts, assumptions, or interpretations (including the source thereof) used in the application of agreed-upon procedures
- Description of the condition of records, controls, or data to which the procedures were applied
- Explanation that the practitioner has no responsibility to update the practitioner's report
- Explanation that the sample may not be representative of the population

Restricted Use (Ref: par. .35m)

.A39 The purpose of the restriction on the use of the practitioner's report on applying agreed-upon procedures is to restrict its use to only those parties that have agreed upon the procedures performed and taken responsibility for the sufficiency of the procedures. Paragraph .38 describes the process for adding parties who were not originally contemplated in the agreed-upon procedures engagement.

.A40 In some cases, a restricted-use practitioner's report filed with regulatory agencies is required by law or regulation to be made available to the public as a matter of public record. Also, a regulatory agency, as part of its oversight responsibility for an entity, may require access to a restricted use report in which they are not named as a specified party.

Location (Ref: par. .35p)

.A41 In the United States, the location of the issuing office is the city and state. In another country, it may be the city and country.

Responsible Party Refuses to Provide a Written Assertion (Ref: par. .36)

.A42 The disclosure in the practitioner's report required by paragraph .36 applies regardless of whether the engaging party is the responsible party.

.A43 The following is an example of the disclosure required by paragraph .36:

Attestation standards established by the American Institute of Certified Public Accountants require that we request a written statement from *[identify the responsible party]* stating that *[identify the subject matter]* to which we applied procedures has been accurately measured or evaluated. We requested that *[identify the responsible party]* provide such a statement but *[identify the responsible party]* refused to do so.

Adding Specified Parties (Nonparticipant Parties) (Ref: par. .38–.39)

.A44 Subsequent to the completion of the agreed-upon procedures engagement, a practitioner may be requested by the engaging party to consider the addition of another party as a specified party (a nonparticipant party). The practitioner may agree to add a nonparticipant party as a specified party, based on consideration of such factors as the identity of the nonparticipant party and the intended use of the practitioner's report. If the nonparticipant party is added after the practitioner has issued the report, the report may be reissued, or the

practitioner may provide other written acknowledgment that the nonparticipant party has been added as a specified party.

Knowledge of Matters Outside Agreed-Upon Procedures (Ref: par. .41)

.A45 For example, if, during the course of applying agreed-upon procedures regarding an entity's internal control, the practitioner becomes aware of a material weakness by means other than performance of the agreed-upon procedures, this matter would be included in the practitioner's report.

.A46 When the practitioner applies agreed-upon procedures to an element, account, or item of a financial statement and has performed (or has been engaged to perform) an audit of the entity's related financial statements, and the auditor's report on such financial statements includes a departure from the standard report, the practitioner may include a reference to the auditor's report and the departure from the standard report in the practitioner's agreed-upon procedures report.

Documentation (Ref: par. .43)

.A47 The practitioner need not include in the engagement file superseded drafts of working papers, notes that reflect incomplete or preliminary thinking, previous copies of documents corrected for typographical or other errors, and duplicates of documents.

.A48

Exhibit—Illustrative Practitioner’s Agreed-Upon Procedures Reports

The illustrative practitioner's agreed-upon procedures reports in this exhibit meet the applicable reporting requirements in paragraphs .33–.41. A practitioner may use alternative language in drafting an agreed-upon procedures report, provided that the language meets the applicable requirements in paragraphs .33–.41. Example 1 is an illustrative agreed-upon procedures report related to a Statement of Investment Performance Statistics. Examples 2–3 provide illustrations of reports in which the practitioner has applied agreed-upon procedures to elements, accounts, or items of a financial statement.

Example 1: Practitioner’s Agreed-Upon Procedures Report Related to a Statement of Investment Performance Statistics

Independent Accountant's Report on Applying Agreed-Upon Procedures

[Appropriate Addressee]

We have performed the procedures enumerated below, which were agreed to by *[identify the specified party(ies), for example, the audit committees and managements of ABC Inc. and XYZ Fund]*, on *[identify the subject matter, for example, the accompanying Statement of Investment Performance Statistics of XYZ Fund for the year ended December 31, 20X1]*. XYZ Fund's management is responsible for *[identify the subject matter, for example, the Statement of Investment Performance Statistics for the year ended December 31, 20X1]*. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

[Include paragraphs to enumerate procedures and findings.]

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on *[identify the subject matter, for example, the accompanying Statement of Investment Performance Statistics of XYZ Fund for the year ended December 31, 20X1]*. 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.]

This report is intended solely for the information and use of *[identify the specified party(ies), for example, the audit committees and managements of ABC Inc. and XYZ Fund]*, and is not intended to be, and should not be, used by anyone other than the specified parties.

[Practitioner's signature]

[Practitioner's city and state]

[Date of practitioner's report]

Example 2: Practitioner’s Agreed-Upon Procedures Report Related to Cash and Accounts Receivable

Independent Accountant's Report on Applying Agreed-Upon Procedures

[Appropriate Addressee]

We have performed the procedures enumerated below, which were agreed to by [identify the specified party(ies), for example, the boards of directors and managements of ABC Company and XYZ Company], on [identify the subject matter, for example, the cash and accounts receivable information of XYZ Company as of December 31, 20XX, included in the accompanying information provided to us by management of ABC Company]. XYZ Company is responsible for [identify the subject matter, for example, the cash and accounts receivable information of XYZ Company as of December 31, 20XX, included in the accompanying information provided to us by management of ABC Company]. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

The procedures and the associated findings are as follows:

Cash

1. For the four bank accounts listed below, we obtained
 - a. the December 31, 20XX, bank reconciliations from XYZ Company management and
 - b. the December 31, 20XX, general ledger from XYZ Company management.
2. We performed the following procedures:
 - a. Obtained a bank confirmation directly from each bank of the cash on deposit as of December 31, 20XX
 - b. Compared the balance confirmed by the bank to the amount shown on the respective bank reconciliations.
 - c. Mathematically checked the bank reconciliations
 - d. Compared the cash balances per book listed in the reconciliations below to the respective general ledger account balances.

Cash December 31, 20XX

<i>Bank</i>	<i>Cash Balance per Book</i>
DEF National Bank, general ledger account 123	\$5,000
LMN State Bank, general ledger account 124	3,776
RST Trust Company regular account, general ledger account 125	86,912
RST Trust Company payroll account, general ledger account 126	5,000
	\$110,688

We found no exceptions as a result of the procedures.

Accounts Receivable

3. We obtained the accounts receivable aged trial balance as of December 31, 20XX, from XYZ Company (attached as exhibit A). We mathematically checked that the individual customer account balance subtotals in the aged trial balance of accounts receivable agreed to the total accounts receivable per the aged trial balance. We compared the total accounts receivable per the accounts receivable aged trial balance to the total accounts receivable per general ledger account 250.

We found no exceptions as a result of the procedures.

4. We obtained the accounts receivable subsidiary ledger as of December 31, 20XX, from XYZ Company. We compared the individual customer account balance subtotals shown in the accounts receivable aged trial balance (exhibit A) as of December 31, 20XX, to the balances shown in the accounts receivable subsidiary ledger.

We found no exceptions as a result of the procedures.

5. We selected 50 customer account balances from exhibit A by starting at the eighth item and selecting every fifteenth item thereafter until 50 were selected. The sample size selected represents 9.8 percent of the aggregate amount of the customer account balances. We obtained the corresponding invoices from XYZ Company and traced the aging (according to invoice dates) for the 50 customer account balances shown in exhibit A to the details of outstanding invoices in the accounts receivable subsidiary ledger.

We found no exceptions as a result of the procedures.

6. We mailed confirmations directly to the customers representing the 150 largest customer account balance subtotals selected from the accounts receivable aged trial balance, and we received responses as indicated below. As agreed, any individual differences in a customer account balance of less than \$300 were to be considered minor, and no further procedures were performed.

Of the 150 customer balances confirmed, we received responses from 140 customers; 10 customers did not reply.

No exceptions were identified in 120 of the confirmations received. The differences in the remaining 20 confirmation replies were less than \$300.

For the 10 customers that did not reply, we traced the items constituting the outstanding customer account balance to invoices and supporting shipping documents.

A summary of the confirmation results according to the respective aging categories is as follows.

<i>Accounts Receivable December 31, 20XX</i>			
<i>Aging Categories</i>	<i>Customer Account Balances</i>	<i>Confirmations Requested</i>	<i>Confirmations Received</i>
Current	\$156,000	\$76,000	\$65,000
Past due:			
Less than one month	60,000	30,000	19,000
One to three months	36,000	18,000	10,000
Over three months	48,000	48,000	8,000
	\$300,000	\$172,000	\$102,000

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on *[identify the subject matter, for example, the cash and accounts receivable information of XYZ Company as of December 31, 20XX, included in the accompanying information provided to us by management of ABC Company]*. 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.]

This report is intended solely for the information and use of *[identify the specified party(ies), for example, the boards of directors and managements of ABC Company and XYZ Company]*, and is not intended to be and should not be used by anyone other than the specified parties.

[Practitioner's signature]
[Practitioner's city and state]
[Date of practitioner's report]

Example 3: Practitioner's Agreed-Upon Procedures Report in Connection With Claims of Creditors

Independent Accountant's Report on Applying Agreed-Upon Procedures

[Appropriate Addressee]

We have performed the procedures enumerated below, which were agreed to by *[identify the specified party(ies), for example, the Trustee of XYZ Company]*, on *[identify the subject matter, for example, the claims of creditors of XYZ Company as of May 31, 20XX, as set forth in the accompanying Schedule A]*. XYZ Company is responsible for maintaining records of *[identify the subject matter, for example, the claims of creditors of XYZ Company as of May 31, 20XX, as set forth in the accompanying Schedule A]*. The sufficiency of these procedures is solely the responsibility of the party specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

1. Obtained the general ledger and the accounts payable trial balance as of May 31, 20XX, from XYZ Company. Compared the total of the accounts payable trial balance to the total accounts payable balance in general ledger account 450.

The total of the accounts payable trial balance agreed with the total accounts payable balance in the general ledger account number 450.

2. Obtained the claim form submitted by creditors in support of the amounts claimed from XYZ Company. Compared the creditor name and amounts from the claim form to the respective name and amounts shown in the accounts payable trial balance obtained in procedure 1. For any differences identified, requested XYZ Company to provide supporting detail. Compared such identified differences to the supporting detail provided.

All differences noted are presented in column 3 of Schedule A. Except for those amounts shown in column 4 of Schedule A, all such differences were agreed to *[describe supporting detail]*.

3. Using the claim form obtained in procedure 2, compared the name and amount to invoices, and if applicable, receiving reports, provided by XYZ Company.

No exceptions were found as a result of this procedure.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on *[identify the subject matter, for example, the claims of creditors of XYZ Company as of May 31, 20XX, as set forth in the accompanying Schedule A]*. 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.]

This report is intended solely for the information and use of *[identify the specified party(ies), for example, the Trustee of XYZ Company]*, and is not intended to be, and should not be, used by anyone other than the specified party.

[Practitioner's signature]

[Practitioner's city and state]

[Date of practitioner's report]