

Section 11

Supplemental Guidance for Agreed-Upon Procedures Attestation Engagements

This section establishes a Supplemental Audit Standards Plan that provides guidance for attestation engagements to be conducted in accordance with generally accepted government auditing standards (GAGAS). For attestation engagements, GAGAS incorporate the American Institute of Certified Public Accountants (AICPA) general standard on criteria, and the field work and reporting standards and the related Statements on Standards for Attestation Engagements (SSAE), unless specifically excluded or modified by GAGAS.

Agreed-Upon Procedures Attestation Engagements

An attestation engagement can provide one of three levels of service as defined by the AICPA, namely an examination engagement, a review engagement, or an agreed-upon procedures engagement. However, the only attestation engagements the Office of the City Auditor conducts are agreed-upon procedures. Agreed-Upon Procedures consists of auditors performing specific procedures on the subject matter and issuing a report of findings based on the agreed-upon procedures. In an agreed-upon procedures engagement, the auditor does not express an opinion or conclusion, but only reports on agreed-upon procedures in the form of procedures and findings related to the specific procedures applied.

The City Auditor will only perform agreed-upon procedures if the subject matter is capable of evaluation against criteria that are suitable and available to users. By specifying the procedures we agreed to perform, the department/agency requesting the review is responsible for ensuring that the procedures are sufficient to meet their purposes, and we make no representation in that respect. These reports are intended solely for the information and use of the management of the City and are not intended to be and should not be used by anyone other than these specified parties.

Supplemental Audit Standards Plan

The following Supplemental Audit Standards Plan must be completed when auditors conduct an Agreed-Upon Procedures Attestation Engagement. It should be completed as an addendum to the Audit Standards Plan found in Section 3 of this manual. In addition, the AICPA Section Agreed-Upon Procedures Engagement Checklist should also be completed to ensure the engagement is conducted in accordance with attestation standards established by the AICPA.

GAGAS 2011 Language ALGA QCS Checklist	OCA Policies and Procedures Reference Description	Documentary Evidence
SUPPLEMENTAL AUDIT STANDARDS PLAN – FOR AGREED-UPON PROCEDURES ATTESTATION ENGAGEMENTS		
19. STANDARDS FOR ATTESTATION ENGAGEMENTS: <u>AICPA STANDARDS</u>		
<p>GAGAS incorporates the AICPA general standard on criteria, the fieldwork and reporting attestation standards, and the corresponding AICPA Statements on Standards for Attestation Engagements (SSAEs). (5.01, 5.02)</p> <p>For attestation engagements, auditors should determine which of the three levels of services apply to the engagement and refer to the appropriate AICPA standards and GAGAS section for applicable requirements and considerations. (4.02, 5.02)</p>	<p>The only attestation engagements the Office of the City Auditor conducts are agreed-upon procedures. Agreed-Upon Procedures consists of auditors performing specific procedures on the subject matter and issuing a report of findings based on the agreed-upon procedures.</p> <p>In an agreed-upon procedures engagement, the auditor does not express an opinion or conclusion, but only reports on agreed-upon procedures in the form of procedures and findings related to the specific procedures applied.</p> <p>Auditors will determine if the subject matter is capable of evaluation against criteria that are suitable and available to users.</p>	<p>Results or W/P Reference:</p>
20. FIELD WORK STANDARDS FOR ATTESTATION ENGAGEMENTS: <u>AUDITOR COMMUNICATION</u>		
<p>Auditors should communicate, in writing, pertinent information that in the auditors' professional judgment needs to be communicated to individuals contracting for or requesting the audit or examination engagement, and to cognizant legislative committees when auditors perform the audit pursuant to law or regulation, or they conduct the work for the legislative committee that has oversight. (4.03-4.04, 5.04-5.05)</p>	<p>The agreed-upon procedures audit report will be sent to the appropriate management and those in charge with governance. It will include the following:</p> <p>The auditor's understanding of the services to be performed;</p> <p>The nature, timing and extent of planned testing;</p> <p>The level of assurance to be provided;</p> <p>Any potential restrictions on the auditor's report.</p> <p>If the engagement is terminated before it is completed, auditors will document the results of their work up to termination and the reason for termination.</p>	<p>Results or W/P Reference:</p>

GAGAS 2011 Language ALGA QCS Checklist	OCA Policies and Procedures Reference Description	Documentary Evidence
38.STANDARDS FOR FINANCIAL AUDITS AND ATTESTATION ENGAGEMENTS: DISTRIBUTING REPORTS		
<p><u>For financial audits, and examination, review, and agreed upon attestation agreements,</u> auditors should document any limitation on report distribution.</p> <p>Government auditors should distribute reports to those charged with governance, to the appropriate officials of the audited entity, and to the appropriate oversight bodies. As appropriate, auditors should also distribute copies of the report to other officials who have legal oversight authority or who may be responsible for acting on findings and recommendations, and to others authorized to receive such reports. (4.45, 5.44, 5.52, 5.62)</p> <p>Internal audit organizations should communicate results to the parties who can ensure that the results are given due consideration. Prior to release to parties outside of the organization, the head of the internal audit organization should assess the potential risk to the organization, consult with senior management and/or legal counsel, and control dissemination. (4.45, 5.44, 5.52, 5.62)</p> <p>Public accounting firms contracted to perform a financial audit or attestation engagement under GAGAS should clarify report distribution responsibilities with the organization. If the audit firm is to distribute reports, it should reach agreement with the party contracting for the audit or attestation engagement about which officials or organizations will receive the report and the steps taken to make the report available to the public. (4.45, 5.44, 5.52, 5.62)</p>	<p>For all agreed-upon procedures audit reports the auditors will obtain and include in the report the views of responsible officials concerning the findings, conclusions, and recommendations, as well as planned corrective actions.</p> <p>A draft report will be provided to the responsible officials for review and comment. Obtaining the comments in writing is preferred, but summarizing oral comments are acceptable.</p> <p>If certain pertinent information is prohibited from public disclosure or excluded from the report due to confidential or sensitive nature of the information, auditors will disclose in the report that certain information has been omitted and the reason or other circumstance that makes the omission necessary.</p> <p>In the case of confidential or sensitive information, the City Auditor staff will consult City Attorney staff regarding public records laws to determine whether these laws have an impact on how the results should be communicated.</p> <p>Agreed-upon procedures reports will be distributed to those charged with governance, to the appropriate officials of the audited entity, and to the appropriate oversight bodies.</p> <p>The report will be distributed to the officials responsible for acting on the audit findings and any recommendations.</p> <p>The reports will also be posted on the City Auditors website for public disclosure unless prohibited due to the confidential or sensitive nature of the information.</p>	<p>Results or W/P Reference:</p>

GAGAS 2011 Language ALGA QCS Checklist	OCA Policies and Procedures Reference Description	Documentary Evidence
ADDITIONAL GAGAS REQUIREMENTS FOR REVIEW AND AGREED-UPON PROCEDURE ENGAGEMENTS		
<p><u>41. For review and agreed-upon procedures engagements</u>, if, on the basis of conducting the procedures necessary to perform a review, significant deficiencies; material weaknesses; instances of fraud, noncompliance with provisions of laws, regulations, contracts, or grant agreements; or abuse come to the auditors' attention that warrant the attention of those charged with governance, GAGAS requires that auditors should communicate such matters to audited entity officials. (5.49, 5.59)</p>	<p>For agreed-upon procedures engagements, if, while conducting the procedures, significant deficiencies; material weaknesses; instances of fraud, noncompliance with provisions of laws, regulations, contracts, or grant agreements; or abuse come to the auditors' attention that warrant the attention of those charged with governance, the auditors will communicate such matters to audited entity officials.</p>	<p>Results or W/P Reference:</p>
<p><u>42. For review and agreed-upon procedures engagements</u>, when auditors comply with all applicable requirements for a review engagement conducted in accordance with GAGAS, they should include a statement in the report that they performed the engagement in accordance with GAGAS. (5.51, 5.61)</p>	<p>All agreed-upon procedures reports will state the following when auditors comply with all applicable GAGAS requirements:</p> <p>We conducted our work in accordance with Generally Accepted Government Auditing Standards. These standards provide guidance on performing and reporting on the results of agreed-upon procedures. Auditors will report on any applicable standards that were not followed. If this occurs the report will include why the standards were not followed and how if affected or could have affected the results of the audit engagement.</p>	<p>Results or W/P Reference:</p>
<p><u>43. For review and agreed-upon procedures engagements</u>, the AICPA standards require auditors to establish an understanding with the audited entity (client) regarding the services to be performed. The understanding includes the objectives of the engagement, responsibilities of entity management, responsibilities of auditors, and limitations of the engagement. (5.54, 5.64)</p>	<p>The planning of the agreed-upon procedures will be documented by indicating the methodology used to perform the agreed-upon procedures, and the work will be properly supervised as indicated by the Audit Manager's or Lead Auditor's initials on the work papers and date of review.</p> <p>All agreed-upon procedures reports will state the following: These standards provide guidance on performing and reporting on the results of agreed-upon procedures. By specifying the procedures we agreed to perform, the department/agency requesting the review is responsible for ensuring that the procedures are sufficient to meet their purposes, and we make no representation in that respect.</p>	<p>Results or W/P Reference:</p>

<p style="text-align: center;">GAGAS 2011 Language ALGA QCS Checklist</p>	<p style="text-align: center;">OCA Policies and Procedures Reference Description</p>	<p style="text-align: center;">Documentary Evidence</p>
<p><i>45. For agreed-upon procedures engagements:</i> The AICPA standards require that the auditors' report on agreed-upon procedures engagements be in the form of procedures and findings and specifies the required elements to be contained in the report. (5.66)</p>	<p>All agreed-upon procedures audit reports will include the following statements:</p> <p style="padding-left: 40px;">We were not engaged to and did not conduct an examination or a review of the subject matter, the objectives of which would be the expression of an opinion or limited assurance and that if the auditors had performed additional procedures, other matters might have come to their attention that would have been reported.</p> <p style="padding-left: 40px;">By specifying the procedures we agreed to perform, the department/agency requesting the review is responsible for ensuring that the procedures are sufficient to meet their purposes, and we make no representation in that respect.</p> <p style="padding-left: 40px;">Our review is intended solely for the information and use of the management of the City and is not intended to be and should not be used by anyone other than these specified parties.</p> <p>The reports will include the following information:</p> <p style="padding-left: 40px;">The subject matter and assertions being reported on and state the character of the engagement.</p> <p style="padding-left: 40px;">The report will state all of the auditor's significant reservations about the engagement, the subject matter, and, if applicable, the assertions made.</p>	<p>Results or W/P Reference:</p>

	<p>Auditors will report on any applicable standards that were not followed. If this occurs the report will include why the standards were not followed and how if affected or could have affected the results of the audit engagement.</p>	
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