

# Agreed Upon Procedures: New SSAE No. 19 Implementation

MONDAY, MAY 24, 2021, 1:00-2:50 pm Eastern

## IMPORTANT INFORMATION FOR THE LIVE PROGRAM

This program is approved for 2 CPE credit hours. To earn credit you must:

- **Participate in the program on your own computer connection (no sharing)** - if you need to register additional people, please call customer service at 1-800-926-7926 ext. 1 (or 404-881-1141 ext. 1). Strafford accepts American Express, Visa, MasterCard, Discover.
- Listen on-line via your computer speakers.
- Respond to five prompts during the program plus a single verification code.
- To earn full credit, you must remain connected for the entire program.

## WHO TO CONTACT DURING THE LIVE PROGRAM

For Additional Registrations:

-Call Strafford Customer Service 1-800-926-7926 x1 (or 404-881-1141 x1)

For Assistance During the Live Program:

-On the web, use the Chat function to send a message

If you get disconnected during the program, you can simply log in using your original instructions and PIN.

## Example Engagement Letter

[Date]

[CPA Firm's Name and Address]

We are pleased to confirm our understanding of the terms of engagement and the nature and limitations of the services we are to provide for [Company].

You will agree to the procedures as described in the attachment to this letter and will acknowledge that the procedures to be performed are appropriate for the intended purpose of the engagement, which is to assist [Company] in the verifying that all checks written from any [Company] account have been properly authorized and represent expenses of the organization and income has been recognized and received. Our engagement to apply the agreed-upon procedures will be conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants (AICPA). Those standards require that we obtain your written agreement to the procedures to be applied and your acknowledgement that those procedures are appropriate for the intended purpose of the engagement, as described in this letter. The agreement and acknowledgement are contained within this letter. A refusal to provide such agreement and acknowledgment will result in our withdrawal from the engagement. We make no representation that the procedures we will perform are appropriate for the intended purpose of the engagement or for any other purpose.

Because the agreed-upon procedures do not constitute an examination or review, we will not express an opinion or conclusion on financial statements and internal control. In addition, we have no obligation to perform any procedure beyond those to which you agree.

We will issue a written report upon completion of our engagement that lists the procedures performed and our findings. Our report will be addressed to Board Members of [Company]. If we encounter restrictions in performing our procedures, we will discuss the matter with you. If we determine the restrictions are appropriate we will disclose the restrictions in our report. Our report will contain a paragraph indicating that we performed additional procedures, other matters might have come to our attention that would have been reported to you.

There may exist circumstances that, in our professional judgement, will require we withdraw from the engagement. Such circumstances include the following:

- You refuse to provide written agreement to the procedures and acknowledge that they are appropriate for the intended purpose of the engagement.

- You fail to provide requested written representations, or we conclude that there is sufficient doubt that the competence, integrity, ethical values, or diligence of those providing the written representations, or we conclude that the written representations provided are otherwise not reliable.
- We determine that the description of the procedures performed or the corresponding findings are misleading in the circumstances of the engagement.
- We determine that restrictions on the performance of the procedures are not appropriate.

An agreed-upon procedures engagement is not designed to detect instances of fraud or noncompliance with laws or regulations; however, should any such matters come to our attention, we will communicate them in accordance with professional standard and applicable law. In addition, if, in connection with this engagement, matters come to our attention that contradict the financial activity, we will communicate such matters to you.

You agree to the procedures to be performed and acknowledge that they are appropriate for the intended purpose of the engagement.

You are responsible for the financial activity. In addition, you are responsible for providing us with (1) access to all information of which you or the appropriate party are aware that is relevant to the performance of the agreed-upon procedures on the subject matter, (2) additional information that we may request from the appropriate party for the purpose of performing the agreed-upon procedures, and (3) unrestricted access to persons within the entity from whom we determine it necessary to obtain evidence relating to performing those procedures.

At the conclusion of our engagement, we will require certain written representation in the form of a representation letter from management that, among other things, will confirm management's responsibility for financial activity in accordance with the Associations cash method of accounting.

[CPA] is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

We estimate that our fees for these services will not exceed [Amount]. The fee estimate is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the engagement. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

We appreciate the opportunity to assist you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us. If the need for additional procedures arises, or the procedures need to be modified, our agreement with you will need to be revised. It is customary for us to enumerate these revisions in an addendum to this letter. If additional specified parties of the report are added, we will consider whether they need to acknowledge in writing their agreement with the procedures performed or to be performed and their acknowledgement that the procedures are appropriate for their purposes.

Very truly yours,

[CPA Firm]

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RESPONSE:

This letter correctly sets forth the understanding of [Company].

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**SCHEDULE OF AGREED UPON PROCEDURES FOR**  
**[COMPANY]**

- 1) The management company will provide us with bank statements, bank reconciliations, cancelled checks, cash disbursements, check registers, and deposit records for all cash accounts from [Selected time frame]. The management company will provide us with all monthly financial statements and general ledgers for [Year] through [Year] and monthly accounts receivable agings for [Year] through [Year].
- 2) The management company will provide us with invoices to support all disbursements from the above accounting period.
- 3) The management company will provide us a computation of the [Year] through [Year] annual fees from Association members.
- 4) We will prepare a list of all checks from the above accounts.
- 5) We will review disbursements greater than [Amount] paid from the [Selected time frame], and we will review cancelled checks and supporting invoices and examine the invoices for propriety and proper recognition in the Association accounting records.
- 6) We will review monthly bank reconciliations and bank statements and agree the reconciled balance to the records of the organization.
- 7) We will review cash receipts from associated members and trace them into the financial records.

# Example Report

## Independent Accountant's Report

[*Appropriate Addressee*]

We have performed the procedures enumerated below on [*identify the subject matter, for example, the accompanying Statement of Investment Performance Statistics of XYZ Fund for the year ended December 31, 20X1*]. [*The responsible party, for example, XYZ Fund*] is responsible for [*the subject matter*].

[*The engaging party, for example, XYZ Fund*] has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of [*identify the intended purpose of the engagement, for example, assisting users in understanding the Statement of Investment Performance Statistics of XYZ Fund for the year ended December 31, 20X1*]. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings are as follows:

[*Include paragraphs to describe the procedures performed detailing the nature and extent, and if applicable, the timing, of each procedure and to describe the findings from each procedure performed, including sufficient details on exceptions found.*]

We were engaged by [*the engaging party, for example, XYZ Fund*] to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the AICPA. We were not engaged to and did not conduct an examination or review engagement, 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.

We are required to be independent of XYZ Fund and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

[*Additional paragraphs may be added to describe other matters.*]

[*Signature of the practitioner's firm*]

[*City and state where the practitioner's report is issued*]

[*Date of the practitioner's report*]

# Example Representation Letter

[Responsible Party's Letterhead]

[Date]

[CPA Firm's Name and Address]

In connection with your engagement to apply agreed-upon procedures to the [Describe subject matter.] as of [Date of Subject Matter], we confirm, to the best of our knowledge and belief, the following representations made to you during your engagement.

1. We acknowledge that we are responsible for the [Describe subject matter.] .
2. [We have obtained from the necessary parties their agreement to the procedures and their acknowledgment that the procedures are appropriate for their purposes.]
3. We have provided you with all relevant information and access under the terms of our agreement.
4. We have disclosed to you all known matters contradicting the [Describe subject matter.] .
5. We have disclosed to you any communications from regulatory agencies, internal auditors, other independent practitioners or consultants, and others affecting the [Describe subject matter.] , including communications received between the date of the [Describe subject matter.] , [Date of Subject Matter] and the date of your report, [Date of Practitioner's Report] .
6. We are not aware of any material misstatements in the [Describe subject matter.]
7. We have disclosed to you all known events subsequent to the date of the [Describe subject matter.] , [Date of Subject Matter], to the date of this letter and the date of your report, [Date of Practitioner's Report], that would have a material effect on the [Describe subject matter.] .
8. [Address other matters as the practitioner deems appropriate.]