

Activity Code 28000	Application of Agreed-Upon Procedures
B-1 Planning Considerations	Version 6.1, dated January 2025

Type of Engagement - Agreed-Upon Procedures
Audit Specific Independence Determination
<p>Members of the audit team and internal specialists consulting on this agreed-upon procedures must complete the Audit Specific Independence Determination (WP 34) prior to starting any work on this assignment.</p> <p><i>(Note: Because staff is sometimes added to on-going agreed-upon procedures, supervisors should ensure that all individuals who are directing, performing procedures, or reporting on this agreed-upon procedures as a member of the audit team who are performing as a consultant have signed this working paper. For example, an FAO may add additional auditors (e.g., technical specialist) to the assignment or may need to consult with an internal specialist (e.g., industrial engineers, and operations research specialists) as the assignment progresses.)</i></p>

Purpose and Scope
<p>An agreed-upon procedures engagement is one in which an auditor is requested to issue a report of findings based on specific procedures, agreed-upon by the auditor and requestor, performed on an assertion (usually a contractor submission) or a subject matter. An agreed-upon procedures engagement is appropriate for situations where the requestor wants information on a subject matter or assertion, generally relative to specific criteria, but does not require an opinion, recommendations or negative assurance. Instead, users of the report assess for themselves the procedures and findings reported by the auditor and draw their own conclusion based on the auditor's work.</p> <p>Under Generally Accepted Government Auditing Standards (GAGAS), DCAA may perform an agreed-upon procedures engagement for any assignment if (1) the subject matter or assertion to which the procedures are to be applied is subject to reasonably consistent measurement, (2) the requestor and DCAA agree on the nature, timing, and extent of the procedures to be applied, including the criteria to be used and (3) the requestor acknowledges in writing, prior to issuance of the AUP report, that the procedures agreed to are appropriate for the intended purpose.</p>

Planning Considerations
<p>Prior to commencing the engagement, review guidance that may impact the engagement and take appropriate action. Guidance to review includes CAM, open MRDs, FAQ training material, guidebooks, etc. available on the DCAA Intranet.</p>

References
1. CAM 2-307, AICPA Attestation Standards for Agreed-Upon Procedures Engagements
2. CAM 14-1000, Application of Agreed-Upon Procedures
3. AICPA Statements of Standards for Attestation Engagements (SSAEs No. 18 and No. 19) for Agreed-Upon Procedures Engagements
4. AICPA Statements of Standards for Attestation Engagements AT-C Section 215, "Agreed-Upon Procedures Engagements"

B-1 Preliminary Steps	WP Reference
Version 6.1, dated January 2025	
1. Review open guidance which may impact the Agreed-Upon Procedure and discuss with the requestor any recommended adjustments to the scope and/or procedures. Open guidance (e.g., MRDs) can be found on the DCAA intranet.	
2. Review the request to identify requestor requirements and any restrictions.	
3. Review the permanent files for relevant information that may influence if the requested agreed-upon procedures will be sufficient the requestor's intended purpose. Note: In accordance with CAM 14-1002, auditors must obtain and document RAM/CAM and FAO manager approval of the proposed procedures prior to agreement with the requestor.	
4. Discuss the requested agreed-upon procedures and relevant information with the requestor to assist them in determining if the procedures will be sufficient for their intended purpose. Document the resulting agreed-upon procedures.	
5. Obtain acknowledgement from the requestor that procedures agreed to are appropriate for the requestor's intended purposes. A written affirmation of the appropriateness of the procedures must be obtained from the requestor prior to issuance of the AUP report.	
6. Notify the appropriate contracting officer of the commencement of the agreed-upon procedures engagement and the agreed-to due date. The acknowledgement process should be performed in accordance with CAM 4104.	
7. Invite the requestor to the entrance conference. Determine if there are other individuals that should be invited. If so, extend an invitation.	
8. Determine if specialist assistance or assistance from another DCAA office will be necessary to perform the agreed-upon procedures. Specialist assistance requirements should be coordinated with the requestor and included in the agreed-upon procedure. Prepare necessary requests.	
9. Hold an entrance conference with the contractor.	

B-1 Preliminary Steps	WP Reference
10. Hold a planning meeting with the team performing the agreed-upon procedures engagement (e.g., RAM, Manager, Supervisor, Auditors) to discuss matters relevant to the engagement (e.g., prior experience and current procedures). If a matter comes to the audit team's attention by other means than application of the agreed-upon procedures that significantly contradict the results of the application of the procedures referred to in the report, the team should include this matter in the report.	

L-1 Direct Labor Agreed-Upon Procedures	WP Reference
Version 6.0, dated July 2020	
Perform the procedures that have been agreed-to in advance with the requestor. The procedures should be specific, subject to measurable criteria, and not require analysis or provide any level of assurance (no negative assurance or audit opinion is provided). (Example: Compare the proposed direct labor rates by category with the contactor's FY 20XX year-end actual labor rates per the contractor's labor cost records, dated 12/31/20XX, and report any differences.)	
1. <i>Add steps for the specific agreed-upon procedures to be applied.</i>	
2.	
3. Summarize results of applying the agreed-upon procedures.	

M-1 Material Agreed-Upon Procedures	WP Reference
Version 6.0, dated July 2020	
Perform the procedures that have been agreed-to in advance with the requestor. The procedures should be specific, subject to measurable criteria, and not require analysis or provide any level of assurance (i.e., no audit opinion is provided). (Example: Compare the five highest proposed material items to vendor quotes provided by the contractor on 4/20/20XX and report any differences.)	
1. <i>Add steps for the specific agreed-upon procedures to be applied.</i>	
2.	
3. Summarize results of applying the agreed-upon procedures.	

N-1 Indirect Costs Agreed-Upon Procedures	WP Reference
Version 6.0, dated July 2020	
Perform the procedures that have been agreed-to in advance with the requestor. The procedures should be specific, subject to measurable criteria, and not require analysis or provide any level of assurance (i.e., no audit opinion is provided). (Example: Compare the contractor's proposed engineering overhead, fringe benefit, and G&A rates to the FY 20XX year-end actual rates per its February 20XX rate submission and report any differences.)	
1. <i>Add steps for the specific agreed-upon procedures to be applied.</i>	
2.	
3. Summarize results of applying the agreed-upon procedures.	

O-1 Other Proposed Costs Agreed-Upon Procedures	WP Reference
Version 6.0, dated July 2020	
Perform the procedures that have been agreed-to in advance with the requestor. The procedures should be specific, subject to measurable criteria, and not require analysis or provide any level of assurance (i.e., no audit opinion is provided). (Example: Compare the proposed air fare travel costs to travel costs booked as of 12/31/20XX on contract No. XX and report any differences.) [List the specific agreed-upon procedures.]	
1. Add steps for the specific agreed-upon procedures to be applied.	
2.	
3. Summarize results of applying the agreed-upon procedures.	

T-1 Cost of Money Agreed-Upon Procedures	WP Reference
Version 6.0, dated July 2020	
Perform the procedures that have been agreed-to in advance with the requestor. The procedures should be specific, subject to measurable criteria, and not require analysis or provide any level of assurance (i.e., no audit opinion is provided). (Example: Compare the contractor's proposed engineering overhead, fringe benefit, and G&A cost of money factors to the FY 20XX year-end actual cost of money factors per its February 2006 rate submission and report any differences.) [List the specific agreed-upon procedures.]	
1. Add steps for the specific agreed-upon procedures to be applied.	
2.	
3. Summarize results of applying the agreed-upon procedures.	

A-1 Concluding Steps	WP Reference
Version 6.1, dated January 2025	
1. Summarize the results of applying the agreed-upon procedures.	
2. Obtain supervisory/management review of the working papers and results.	
3. Unless otherwise instructed in the request, conduct and document an exit conference with the contractor to discuss factual differences.	
4. Prepare the draft report in accordance with CAM 14-1003 for agreed-upon procedures. Ensure that the agreed-upon procedures report is drafted consistently with the guidance in GAGAS 7.84.	

A-1 Concluding Steps	WP Reference
<p>Note: In accordance with CAM 14-1002, auditors must obtain and document RAM/CAM and FAO manager approval of the draft report prior to issuance.</p>	