

Master Document

Activity Code 28000	Application of Agreed-Upon Procedures
Version 5.4, dated January 2018	
B-1	Planning Considerations
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 (w/p 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 work 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 assumes responsibility for the sufficiency of the procedures.</p>	
<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 2-103, AICPA Attestation Standards	
2. CAM 2-104, Types of Financial Related Evaluations	
3. CAM 14-1000, Application of Agreed-Upon Procedures	

Master Document

4. AICPA Statements of Standards for Attestation Engagements AT-C Section 215 Agreed-Upon Procedures Engagements		
B-1	Preliminary Steps	W/P Reference
Version 5.4, dated January 2018		
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.	
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.	Electronically transmit an acknowledgement/notification to the requestor notifying them of the commencement of the agreed-upon procedures engagement and the agreed to due date (CAM 2-303). The acknowledgement/notification process should be within the timeframe and in accordance with the procedures in CAM 4-104.	
6.	Invite the requestor to the entrance conference. Determine if there are other individuals that should be invited. If so, extend an invitation.	
7.	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.	
8.	Hold an entrance conference with the contractor.	
9.	Hold a planning meeting with the team performing the agreed-upon procedures (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 performance of the agreed-upon procedures that significantly contradict the subject matter referred to in the report, the team should include this matter in the report.	

L-1	Direct Labor Agreed-Upon Procedures	W/P Reference
Version 5.4, dated January 2018		

Master Document

1. Perform the procedures that have been mutually agreed-to in advance with the requestor. The procedures should be specific, subject to measurable criteria, and not require an analysis or audit opinion. (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.) <i>[List the specific agreed-upon procedures below.]</i>	
2. Summarize results of applying the agreed-upon procedures.	

M-1	Material Agreed-Upon Procedures	W/P Reference
Version 5.4, dated January 2018		
1. Perform the procedures that have been mutually agreed-to in advance with the requestor. The procedures should be specific, subject to measurable criteria, and not require an analysis or audit opinion. (Example: Compare the five highest proposed material items to vendor quotes provided by the contractor on 4/20/20XX and report any differences.) <i>[List the specific agreed-upon procedures below.]</i>		
2. Summarize results of applying the agreed-upon procedures.		

N-1	Indirect Costs Agreed-Upon Procedures	W/P Reference
Version 5.4, dated January 2018		
1. Perform the procedures that have been mutually agreed-to in advance with the requestor. The procedures should be specific, subject to measurable criteria, and not require an analysis or audit opinion. (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.) <i>[List the specific agreed-upon procedures below.]</i>		
2. Summarize results of applying the agreed-upon procedures.		

O-1	Other Proposed Costs Agreed-Upon Procedures	W/P Reference
Version 5.4, dated January 2018		
1. Perform the procedures that have been mutually agreed-to in advance with the requestor. The procedures should be specific, subject to		

Master Document

measurable criteria, and not require an analysis or audit opinion. (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.) [<i>List the specific agreed-upon procedures below.</i>]	
2. Summarize results of applying the agreed-upon procedures.	

T-1	Cost of Money Agreed-Upon Procedures	W/P Reference
Version 5.4, dated January 2018		
1. Perform the procedures that have been mutually agreed-to in advance with the requestor. The procedures should be specific, subject to measurable criteria, and not require an analysis or audit opinion. (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.) [<i>List the specific agreed-upon procedures below.</i>]		
2. Summarize results of applying agreed-upon procedures.		

A-1	Concluding Steps	W/P Reference
Version 5.4, dated January 2018		
1. Summarize 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, discuss factual differences with the contractor.		
4. Prepare the draft report in accordance with CAM 14-1003 for agreed-upon procedures.		