Statewide Agreed-Upon Procedures Update

**Description**
This course is designed to help participants understand the updates and changes to the statewide agreed-upon procedures (AUPs). Also included is government applicability and general issues regarding the statewide AUPs.

**Objectives**
To provide participants with an overview of the statewide agreed-upon procedures including:
- Current updates to previous year procedures
- Rationale for those updates
- Example Engagement Agreement, Representation Letter and Report
- Government applicability
- Basis for AUP category rotation
- General issues regarding statewide AUPs

**Who Will Benefit**
- Elected Officials/Appointed Officials
- Local Government Employees/Local Government Auditors

**About the Instructor**
Brad Cryer is the Director of Local Government Services with the Louisiana Legislative Auditor (LLA). He has more than 21 years of experience with the LLA and is responsible for Local Government and Advisory Services. Brad’s past experience includes financial and federal program audits at numerous state agencies, universities, boards, and commissions, as well as coordinating the LLA’s information technology audits. He also spent several years as the Assistant Director responsible for the audit of the state of Louisiana’s Comprehensive Annual Financial Report. More recently, Brad has been involved with the implementation of the LLA’s statewide agreed-upon procedures.

Brad is a Certified Public Accountant, a member of the American Institute of Certified Public Accountants, and a member of the Society of Louisiana Certified Public Accountants. He earned a Bachelor of Science degree in Accounting from Louisiana Tech University in 1996.
Statewide Agreed-Upon Procedures Update

Bradley D. Cryer, CPA
Director of Local Government Services

Statewide AUP Website

- Procedures – Year 2
- Procedures – Year 1
- Example Engagement Agreement
- Example Representation Letter
- Example Report
Year 2 AUP Changes

• Changes for Year 2 are intended to create a better cost/benefit.
  – Updating language for clarity;
  – Expanding the introduction section for prior year FAQs;
  – Applying caps to number of items tested;
  – Applying random selection throughout;

Year 2 AUP Changes (cont.)

  – Cleaning up complex procedures and adding footnotes for clarity;
  – Removing/changing confusing procedures;
  – Allowing rotation of AUP categories for no exceptions or mitigating controls; and
  – Removing redundant Single Audit testing.
Government Applicability

- All funds are public funds for governmental entities.
- Revenues and other sources of $500,000 or greater

Category Rotation

- Entities that did not have exceptions in one or more areas of the 12 AUP categories tested during Year 1 may exclude these categories from testing in Year 2.
- May also exclude if CPA believes that compensating control addressed risk.
Category Rotation

• May report either only those categories that are tested, or may report those categories as not applicable.
• May need to update engagement agreement to match categories tested.

General Issues

• Management should formally respond to the AUP report.
• Single Audit redundancy – if Single Audit testing covers associated AUP categories, these categories are not required to be tested.
General Issues

- May use internal auditors to perform procedures in the same manner as Year 1.
- CPA has the discretion to modify procedures to fit entity operations.

AUP Categories

- Written policies and procedures
- Board of Finance Committee
- Bank Reconciliations
- Collections
- Disbursements
- Credit/Other Cards
AUP Categories

- Travel Expense Reimbursement
- Contracts
- Payroll/Personnel
- Ethics (typically excludes nonprofits)
- Debt Service (typically excludes nonprofits)
- Other (misappropriations, fraud posting)

Best Practice Website


Forms are being updated for consistency with statewide agreed-upon procedures.
Questions

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Contact Info

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Please submit all AUP questions in writing, by email, for tracking and FAQ purposes.