

The Ohio Society of Certified Public Accountants

CPA

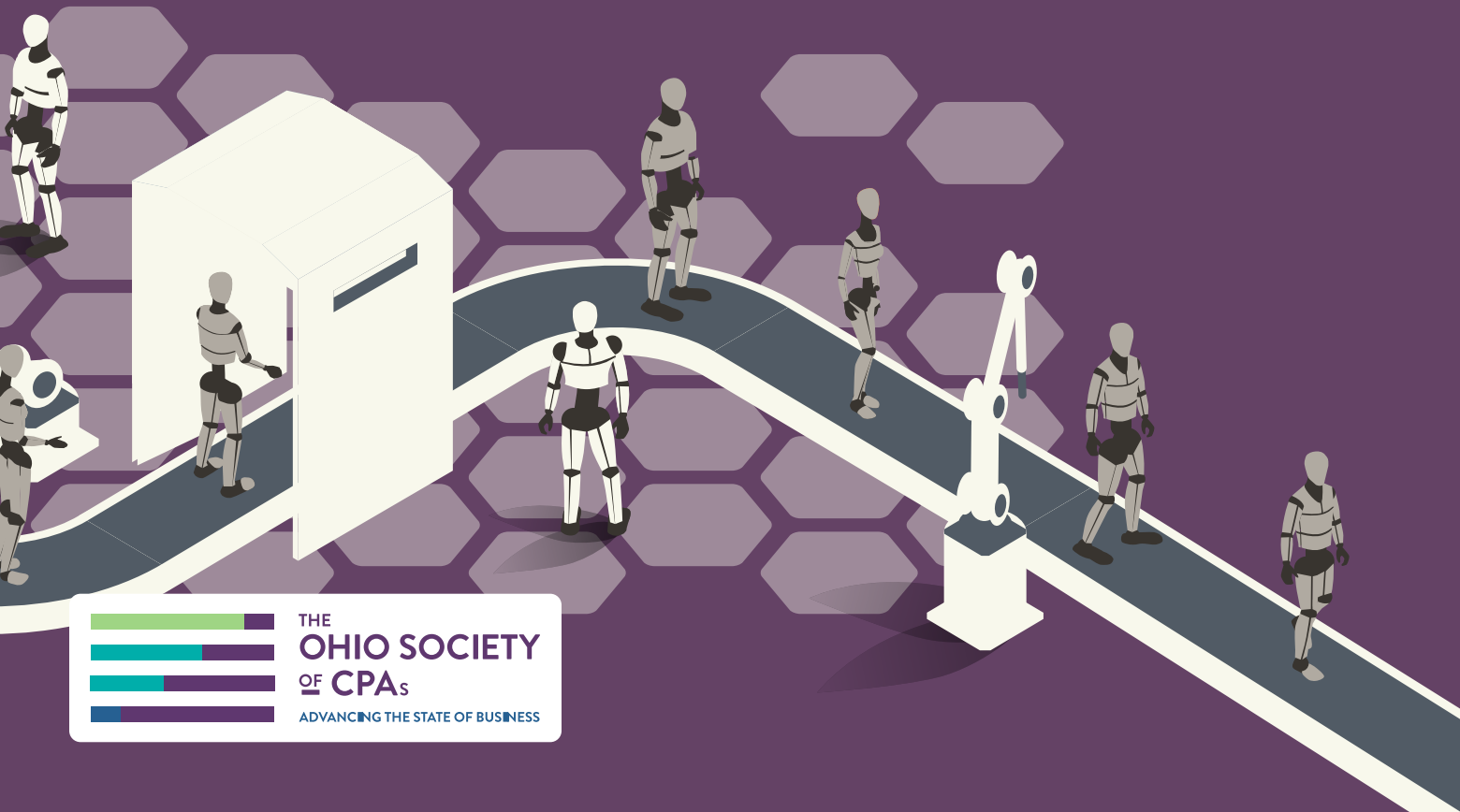
VOICE

MARCH | APRIL 2026

The new face of accounting in industry series: Advanced manufacturing

Rethinking work: Why family-friendly policies are critical
to accounting's talent pipeline

Women's History Month: Celebrating
leadership that empowers others





Understanding the boundary between audits and Agreed-Upon Procedures. The terms “audit” and “agreed-upon procedures” are often used interchangeably in legal and other settings. Conflating the two obscures critical differences in purpose, authority and professional responsibility. Understanding those differences and how the level of service is communicated is critical to the profession, encompassing reliance, legal outcomes and professional risk.

How do Agreed-Upon Procedures differ from an audit?

The question is not trivial. In many cases, in contract disputes or even when one party wishes to seek compliance with an agreement with another party, many practitioners utilize Agreed-Upon Procedures, even when the contract, dispute or court order specifically directs the parties to perform an “audit.”

For example, in the case of *U.S. ex rel. Wilson v. Graham County Soil & Water*, the [judge’s opinion stated that](#) “in April 1996, those **auditors** formalized their findings in an **“Agreed Upon Procedures Report”** (“the **Audit Report**”) detailing several problems with the Graham County SWCD’s handling of the EWP program.”

The case, having gone to an appeals process, [continued to refer to the Agreed-Upon Procedures Report as an “audit.”](#) Other commentary shows that [even some accounting firms](#) an Agreed-Upon Procedures Report as an “audit.”

The public’s perception of an “important-sounding” report often confuses them: the public, attorneys and judges who may not know what an audit is, and why an Agreed-Upon Procedures Report holds different weight, could arrive at incorrect decisions.

The standards

Auditing standards are clear about the objective of an audit: “The [audit] **report shall contain either an expression of opinion** regarding the financial statements, taken as a



whole, or an assertion to the effect that an opinion cannot be expressed” (AU 150, Generally Accepted Auditing Standard, Par. .3). By contrast, an Agreed-Upon Procedures is governed by the Attest standards (not the Auditing standards), and whose objective are to “Issue a written practitioner’s report that describes the procedures applied and the practitioner’s findings **without providing an opinion or conclusion** on the subject matter”(Statement on Standards for Attestation Engagements No. 19).

The difference between the two types of engagements is defined by the necessary expression of a required opinion versus specific instructions for the practitioner – not an auditor – to avoid expressing an opinion, or even a conclusion. But that difference encompasses the basis for the opinion (in an audit) or lack of such a basis in the report of the findings in an agreed upon procedure: that is, who is responsible for the procedures.

In an audit, the auditors must do whatever they feel necessary, based on risk and judgement, to arrive at an audit opinion about the fairness of the financial statements (or, in a “specified elements” audit, parts of the financial statements). For more detail, see Statement on Auditing Standards No. 139, AU-C Section 805, which covers audits of single financial statements and specific elements.

In an Agreed-Upon Procedures, the practitioner carries no such responsibility for the sufficiency of the procedures. If the “specified party” to whom the report is addressed (e.g., the client), feels that only a single procedure is sufficient to find, then the practitioner has no say on the matter.

An example of this might be if Accounts Receivable have been collected in a period of six months after the year-end. The practitioner in this example would only perform the single procedure, then report their findings, and not express any disclaims, any opinion or any conclusions.



By contrast, if an auditor is engaged in just Accounts Receivable, the auditor – not the client or the specified party – must perform whatever procedures they find necessary to arrive at an opinion.

The audit procedures vary based on the assessed risk, the auditor’s professional judgment, and the nature, timing, and extent of the procedures: from analytical procedures for small balances, to testing a sample subsequent receipts or confirmations.

This difference matters for several reasons:

First, by using Agreed-Upon Procedures and presenting them in any conclusionary way – opinion or even “conclusion” – the CPA may be misleading the public.

Second, if a CPA firm issues a report that conflates these concepts, the firm risks being sued by parties who relied on its advice. Such parties may argue that the engagement should have been conducted as an audit to provide the appropriate basis for a court to make its ruling.

Third, a CPA who is qualified as an expert in court, may find

their qualifications challenged by misapplying the relevant standards. The CPA expert may face a Daubert challenge as to their ability to testify at all, either by calling their Agreed-Upon Procedures an “audit,” or by stating an opinion based on these non-opinion engagements.

A practical conclusion

In practice, CPAs who are approached to perform an audit – as stipulated by a court or a contract – will be best served if the CPA is engaged to perform an audit of specified elements, which, even if it is only a partial audit of financial information, it carries the same weight and ability to express and opinion, whereas an Agreed-Upon Procedures does not.



Yigal M. Rechtman, CPA, CFE, CITP, CISM is a forensic accountant and consultant with extensive experience in litigation support, financial investigations, and professional education. He serves as a resource in matters involving accounting, auditing, and forensic analysis. He can be reached at Yigal@rechtman2c.com or 212-202-2548

THREE THINGS

1. Agreed-Upon Procedures (AUP) are often miscalled “audits,” especially in legal and contract disputes.
2. An audit issues an opinion under auditing standards; an AUP reports procedures and findings only under attestation standards.
3. Mislabeling AUP work can mislead users and raise legal risk, so use an audit of specified elements when an “audit” is required.