



### Instructor

Bradley D. Cryer, CPA, CGMA  
Assistant Legislative  
Auditor/Director of Local  
Government Services

# Course 206

## Statewide Agreed-Upon Procedures Update

### Description

This course is designed to give participants an update on the statewide agreed-upon procedures and any changes for the current year.

### Objectives

To provide participants with:

- Information that they can use to understand the current statewide agreed-upon procedures (AUPs)
- Guidance to locate resources on the Louisiana Legislative Auditor's website regarding those AUPs
- Reasons for changes to the prior year AUPs
- Government applicability for the current AUPs
- AUP categories and category rotation

### 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's (LLA) Office. He has nearly 23 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 state agencies, universities, pension systems, boards, and commissions. 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 and is a member of the American Institute of Certified Public Accountants, the Society of Louisiana Certified Public Accountants, and the Government Finance Officers Association. He earned a Bachelor of Science degree in Accounting from Louisiana Tech University in 1996.


*Center for Local Government Excellence*



## Statewide Agreed-Upon Procedures Update

Presented by:  
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Director of Local Government Services

*Statewide AUPs – Year 3*



- \* <https://www.lla.la.gov/local-government-entities/statewide-agreed-upon-procedures/index.shtml>
- \* Year 3 procedures were sent out in May for 6/30/19 year end (may use for Year 2)
- \* Only one addition to the Year 3 procedures – Disaster Recovery/Business Continuity under Written Policies and Procedures

## *Disaster Recover/Business Continuity*



- \* Identification of critical data and frequency of data backups
- \* Storage of backups in a separate physical location isolated from the network
- \* Periodic testing/verification that backups can be restored

## *Disaster Recover/Business Continuity*



- \* Use of antivirus software on all systems
- \* Timely application of all available system and software patches/updates
- \* Identification of personnel, processes, and tools need to recover operations after a critical event

## *Incorporated FAQs*



- \* December 2018 FAQs incorporated
- \* LLA is a specified party
- \* Recommend single management response
- \* Disaster Recovery/Business Continuity must be tested if performing AUPs for Year 3
- \* Single Audit exemption only for programs tested as major programs – other areas may be prorated

## *Incorporated FAQs*



- \* Distinguish between other AUPs
  - \* “State” AUPs are for state CAFR engagements
  - \* Review/attest AUPs - \$200K to \$500K
  - \* Act 774 AUPs – St. Tammany parish only
  - \* Dept. Education Performance Measures AUPs – school boards/charter schools only
  - \* More than one set of AUPs may be applicable

## *Incorporated FAQs*



- \* May exclude categories if no exceptions in those categories in Year 1 or Year 2 (must still test disaster recovery)
- \* Categories that were not applicable in prior years, but are now applicable (e.g. debt service) must be tested
- \* Engagement agreement planned procedures should match report actual procedures

## *Incorporated FAQs*



- \* If no exceptions were noted in any categories during Year 1 or Year 2 (or compensating controls fully mitigated the underlying control risks), AUPs are not required for Year 3. In this situation, disaster recovery testing would not be required for Year 3.

## *Incorporated FAQs*



- \* Under Board or Finance Committee, changed “unrestricted” fund balance to “unassigned” fund balance.
- \* Collections category excludes EFTs.
- \* Collections category not required if all collection functions are outsourced.
- \* Disbursement controls should not constrain legal authority of elected officials

## *Incorporated FAQs*



- \* Credit cards used for student activity fund purchases are subject to AUPs
- \* Electronic approvals are acceptable for approvals “in writing”
- \* Missing receipts – transactions must be described and compensating controls noted
- \* Receipt testing does not apply to fuel cards

## *Incorporated FAQs*



- \* Debt Service category – “debt covenants” includes contingency funds, short-lived asset funds, or other funds required by debt covenants
- \* Ethics may apply to some nonprofits, including councils on aging and charter schools.

## *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)

## Questions



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## Contact Info



Bradley D. Cryer, CPA, CGMA  
Director of Local Government Services  
Louisiana Legislative Auditor  
[bcryer@lla.la.gov](mailto:bcryer@lla.la.gov)  
(225) 339-3880