



*LeiningerCPA, Ltd.*

***Differences Between Agreed-Upon Procedures and a Full-Scope Audit/Review***

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In a full scope audit or review, the primary focus is on the issuance of financial statements, and footnotes describing the Church's major accounting policies, prepared in accordance with generally accepted accounting principles (GAAP). Our professional standards dictate minimum audit requirements and procedures to be performed. All of these audit procedures must be performed whether they provide direct benefit to Church leadership or not.

As an alternative, the *Financial Accountability Checkup* is referred to as an "agreed-upon procedures" engagement. In this type of engagement, Church leadership and our firm have the flexibility to agree-upon the specific procedures to be performed, allowing us to assist in evaluating the areas that present the highest risk or provide the most benefit, while eliminating the cost of performing procedures that do not. We design this approach to be pro-active and forward looking.

The Church's general ledger, as are nearly all church general ledgers, is maintained on a cash basis, not a GAAP basis (which requires such things as the capitalization and non-cash depreciation of fixed asset expenditures, etc.).

In an agreed-upon procedures engagement, our procedures are focused on evaluating your general ledger and internal / congregational reports – the financial tools actually used by Church leadership to make decisions – rather than investing time and money in preparing or evaluating GAAP-based financial statements.

In addition, our agreed-upon procedures report provides a comprehensive description of the procedures performed and our findings. See Appendix 1 for an example of the type of detail provided. We believe this type of reporting helps you to better understand the procedures we performed, and connect the procedures to specific findings and related recommendations.

We believe that performing an agreed-upon procedures engagement provides the overall benefits of objectivity and expertise from an external CPA firm, while adding the flexibility to design the scope of the procedures based on the Church's needs.

The beneficial components of a full-scope audit can be retained, while areas of lesser importance are eliminated, or replaced with procedures focusing on higher priority areas. As a result, external audit resources and the Church leadership's time and effort are allocated to areas providing the highest perceived value.

Contact Dave Leininger at (763) 404-0004 or [Dave@Leiningercpa.com](mailto:Dave@Leiningercpa.com) to learn more about the pro's and con's of the different audit alternatives. Together we can design an approach that provides the most value for your organization.