



Louisiana Legislative Auditor *Audit Risk Alert*

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AUDIT RISK ALERT # 44

DATE: March 8, 2022

SUBJECT: SUBMITTING STATEWIDE AGREED-UPON PROCEDURES ENGAGEMENTS FOR APPROVAL; IMPLEMENTATION OF SAS 134-140

Local governments and quasi-public organizations (local auditees) in Louisiana that are required by the Audit Law (Louisiana Revised Statute 24:513) to provide for audited financial statements were required to provide for an additional agreed-upon procedures engagement beginning with audits for fiscal years ending on or after June 30, 2017. For more information about the statewide agreed-upon procedures (SAUP) engagements, please see [Section 300-1127](#) of the *Louisiana Governmental Audit Guide*.

The SAUP engagements were temporarily suspended in 2020 due to the COVID pandemic. By [Audit Risk Alert No. 37](#), the Louisiana Legislative Auditor (LLA) advised the CPA firms on its approved list that the SAUP engagements would be reinstated for all audit engagements, beginning with the fiscal year ending December 31, 2021.

This Audit Risk Alert addresses questions LLA staff have received about submitting audit engagements with the recently reinstated SAUP engagements for approval; and other audit related matters.

Approval for a single year audit engagement with SAUP engagement: Audits with SAUP engagements are approved through the Local Government Reporting System [portal](#) on LLA's website. After logging in to the portal and providing certain information pertaining to the engagement, the CPA attaches a copy of the signed audit and SAUP engagement agreements to the online form, and submits both engagements for approval. For additional information on submitting an engagement to LLA for approval, please see [Section 400-1090](#) of the *Louisiana Governmental Audit Guide*.

Approval for a multi-year audit engagement with SAUP engagement: LLA allows CPA firms to request approval for up to four annual audit engagements for one local auditee on the same engagement approval form. **LLA will approve a multi-year audit engagement with a multi-year SAUP engagement that includes the procedures required by LLA at the time the audit engagement is approved.**

In the event that the procedures for an approved multi-year SAUP engagement are modified during the term of the related audit engagement, the CPA will be expected to execute an addendum for

the modified SAUP engagement with the local auditee; and to maintain the amended engagement agreement in their audit documentation. **The CPA is not required to submit the amended SAUP engagement agreement to LLA unless specifically asked to do so.**

It is important to note that if a multi-year audit engagement is submitted and a single year SAUP engagement is submitted, the only audit engagement that LLA will approve is the audit engagement that is the same period as the SAUP engagement.

Resubmission of audit engagements that were approved before reinstatement of the SAUP engagements: A number of audit engagements with fiscal years ending on or after December 31, 2021 were approved prior to the reinstatement of the SAUP engagements. **The CPA should submit a new engagement approval form for these audit engagements, along with the related SAUP engagement and updated cost information, through the portal for approval by LLA.**

Approval of audit engagements for which an SAUP engagement is not required: There are a limited number of audit engagements that do not require an SAUP engagement - for example, when a local auditee is only required to provide for a compilation or a review/attestation report, but chooses to provide for an audit report. These audit engagements may be submitted for approval through the portal without the SAUP. An explanation for the reason why the SAUP engagement is not required should be included in the Engagement Information section of the on-line engagement approval form. It is recommended that the CPA contact Gayle Fransen, Local Government Services Engagement Manager (gfransen@lla.la.gov or (225) 339-3874) prior to submitting an audit engagement through the portal for approval if they are not sure if the SAUP engagement is required.

Other Matters Related to Engagements –

Addition of a Single Audit to an Approved Engagement - Periodically, LLA staff are asked if a CPA needs to submit a revised engagement approval form if they discover, after approval of an engagement, that a Single Audit is required.

The three main types of engagements provided for in the Audit Law, and that LLA approves, are audit, review/attestation, and compilation engagements.

If a CPA discovers after approval of an audit engagement that a Single Audit is also required, a revised engagement approval form does not need to be submitted to LLA. This is because the basic type of engagement that LLA approved – an audit engagement - did not change. The CPA is expected to submit the Single Audit report to LLA when the audit report is submitted.

However, if an engagement changes from a compilation or review/attestation engagement to a Single Audit, a revised engagement approval form should be submitted for the engagement. This is because the basic type of engagement that LLA approved has changed from a non-audit engagement to an audit engagement.

Change in Estimated Engagement Cost – A CPA provides the estimated cost of an engagement to LLA when the engagement is submitted for approval; and has ninety days after the report is

submitted to provide the actual cost of the engagement. **A CPA is not required to notify LLA of any changes in the estimated cost of the engagement between the date the engagement is approved and the date the actual engagement cost is provided to LLA.**

Change in CPA Firm Contact on an Engagement – When the CPA firm contact changes on an approved engagement, a new engagement approval form does not need to be submitted. Instead, please send an email to erports@lla.la.gov with the local auditee’s name and entity ID number; current CPA contact name and ID number, and new CPA contact name and ID number. LLA will update its records to reflect the new CPA contact.

IMPLEMENTATION OF STATEMENTS ON AUDITING STANDARDS NOS. 134 – 140

The AICPA’s *Statements on Auditing Standards Nos. 134 – 140* are applicable for periods ending **on or after December 15, 2021**. Some of these standards significantly change the form and content of the audit reports and Single Audit reports issued by CPAs.

Illustrative reports with conforming changes required by the new standards are available on the AICPA’s website at <https://www.aicpa.org/resources/article/governmental-illustrative-auditors-reports>. **The CPAs on LLA’s approved list should review these illustrative reports and revise their firm’s report templates accordingly for their December 31, 2021 local auditee engagements.**

If there are any questions about this audit risk alert, please contact Diane Allison at dallison@lla.la.gov or (225) 339-3812.