

**A GUIDELINE FOR  
AGREED-UPON PROCEDURES ATTESTATION SERVICE FOR  
THE VOLUNTARY CLEANUP TAX CREDIT (VCTC) PROGRAM**

**STATE OF FLORIDA  
DEPARTMENT OF ENVIRONMENTAL PROTECTION  
OFFICE OF INSPECTOR GENERAL**

**October 2010**

## 1. Purpose

An agreed-upon procedures engagement is one in which a practitioner is engaged by a client to issue a report of findings based on specific procedures performed on a subject matter. The purpose of this guidance is to provide direction to the Certified Public Accountants (CPAs) conducting agreed-upon-procedures attestation services for Voluntary Cleanup Tax Credit (VCTC) applicants. These engagements are to review and verify the documentation submitted by the VCTC applicants to the Florida Department of Environmental Protection (FDEP) for tax credits and to provide an attestation report of the result of the review procedures conducted. Please note that this guidance is intended to provide reference information to the CPAs, as well as the VCTC applicants, in the engagement of agreed-upon procedures attestation services. Therefore, the CPAs are permitted to use more rigorous procedures than provided in this guidance if agreed upon by the CPA and the VCTC applicant.

## 2. Standards

The CPAs engaged in conducting an agreed-upon procedures attestation for the Voluntary Cleanup Tax Credit program are responsible for ensuring that all activities are performed in accordance with the professional standards established by the:

American Institute of Certified Public Accountants (AICPA)  
Florida Statutes; and,  
Florida Board of Accountancy

Generally, the engagement shall be performed by a CPA having adequate technical training and proficiency in the attestation function and adequate knowledge of the subject matter. Professional due care shall be exercised in the planning and performance of the engagement. Independence in mental attitude shall be maintained by the CPAs in conducting the attestation activities.

## 3. Activities

CPAs conducting the agreed-upon procedures attestation services for the Voluntary Cleanup Tax Credit (VCTC) applicants shall:

- Obtain background information and identify potential engagement issues by reviewing applicable laws and regulations (i.e., sections 376.30781 and 220.1845, F. S., Contaminated Site Rehabilitation Tax Credit, and Chapter 62-788, F.A.C., Voluntary Cleanup Tax Credit Rule). CPAs shall establish an understanding of the VCTC program administered by the FDEP and the services to be performed for the VCTC applicants. The work shall be properly planned and reviewed to ensure the objectives of the engagement are achieved.
- Conduct an adequate review and verification of the documentation to be submitted by the VCTC applicants to FDEP for tax credits. These documents will include contractual records, payment requests and payment records, as those three categories are described in Chapter 62-788, F.A.C., involving actual costs incurred and paid during the time period covered by the application. This documentation is required by statute and rule to be sufficient to demonstrate that the tax credit applicant, which must be the signatory to the

Voluntary Cleanup Agreement (VCA) or Brownfield Site Rehabilitation Agreement (BSRA), paid the costs claimed in the application.

- Attest to the accuracy and validity of the costs incurred and paid by conducting an independent review of the documentation presented by the VCTC applicant. This is achieved by conducting necessary review procedures which should be adequately described in the CPA report. Additionally, these review procedures should be conducted in accordance with the Standards of Fieldwork established by the AICPA for attestation engagements, which require that “sufficient evidence shall be obtained to provide a reasonable basis for the conclusion that is expressed in the report”. Accordingly, FDEP requires that copies of contractual records, payment requests and payment records, as each of those categories is described in Chapter 62-788, F.A.C., shall be submitted with the application documents to support the attestation statement made by CPAs. Copies of the above items need only be submitted once in the application; a duplicate set of these copies is not required in the CPA report.
- Attest and report that the costs included in the application form are not duplicated within the application.
- Clearly state the total amount claimed in the application and the total amount approved by the CPA.

#### **4. Reporting**

CPAs engaged in performing Voluntary Cleanup Tax Credit Application services shall provide an attestation report to the VCTC applicant. A copy of the accountant’s report shall be submitted to the Department of Environmental Protection with the tax credit application. This report shall conform to the AICPA Standards of Reporting regarding agreed-upon procedures engagements. The illustrative report presented below may be used as a reference for a CPA’s report.

##### **Independent Accountant’s Report On Applying Agreed-Upon Procedures**

We have performed the procedures enumerated below, which were agreed to by XXX, Inc, solely to assist them with the filing (or evaluating, or reviewing) of a Voluntary Cleanup Tax Credit Application (the “Application Package”) related to the XXX, Inc., site rehabilitation {and/or solid waste removal } project with the Florida Department of Environmental Protection for the calendar year ending December 31, 20XX {if claiming solid waste VCTC, then state for the time period from xx/xx/xx to xx/xx/xx, which may include more than one calendar year}. XXX, Inc.’s management is responsible for the filing of a Voluntary Cleanup Tax Credit Application related to the XXX site rehabilitation {and/or solid waste removal } project with the State of Florida, Department of Environmental Protection. This agreed-upon-procedure engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

*[Include paragraphs to enumerate procedures]*

Examples of the procedures include the following:

**Procedures:**

The following procedures were applied to certain costs incurred and paid by XXX, Inc.:

- We verified the accuracy and validity of the payment request numbers, payment request dates, payment request amounts and mathematical accuracy of the payment requests included in the Application Package.
- We verified the site rehabilitation costs included in the Application were for expenses incurred within the 20XX calendar year and paid prior to January 31<sup>st</sup> of the following year or submittal of the tax credit application, whichever represents the earliest date. {Use this for site rehabilitation VCTC applications, but not for solid waste VCTC applications, which are allowed to claim credits from more than one calendar year.}
- We verified the payment requests or costs for the project were not duplicated in the Application Package.
- We obtained copies of payment records and the related endorsements from XXX, Inc., covered by this application {for solid waste VCTC claims state: “for the time period covered by this application”} payable to ABC Environmental Services, LLC. We compared these payment records to the payment requests provided by ABC Environmental Services, LLC.
- We obtained an independent confirmation of the information being tested from ABC Environmental Services, LLC to verify the costs included in the Application Package were related to the XXX, Inc., site rehabilitation project, the work was performed during the period from January 1, 20XX to December 31, 20XX, and the payments were received prior to January 31<sup>st</sup> of the following year or submittal of the tax credit application, whichever represents the earliest date. {For solid waste VCTC applications, which are allowed to claim credits from more than one calendar year, use the following statement: “We obtained an independent confirmation of the information being tested from ABC Environmental Services, LLC to verify the costs included in the Application Package were related to the XXX, Inc., solid waste removal project, the work was performed, and the payments were received.”}
- We obtained a representation letter from management confirming they have made available to us all relevant information and they have responded fully to all inquiries made by us during the engagement.

**Findings:**

We compared all payment requests detailed in the schedule of costs to contracts signed by XXX, Inc., and ABC Environmental Services, LLC. We identified payment requests that include mathematical inaccuracies that are considered exceptions. The exceptions consisted of the following:

*[Include a list of the exception payment request with the payment request date, payment request number and payment request amount.]*

We were not engaged to, and did not perform an audit, the objective of which would be the expression of an opinion on the specified elements, accounts, or items. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of XXX, Inc., and the State of Florida Department of Environmental Protection and is not intended to be used by anyone other than those specified parties.\*

[Signature]

[Date]

\*Note: CPAs and VCTC applicants using this guidance should note that Florida has a very broad public records law (see Chapter 119, F.S.) and that all VCTC applications received by the FDEP are available for review and copying by the public (with the exception of individual social security numbers, which are redacted before applications are reviewed or copied.)