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Immigration Accounting

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Maya Nikolova BAP(SA) MTP(SA)

- Business Accountant in Practice (SA) and Certified Independent Reviewer, licensed to perform limited assurance and non-assurance engagements;
- Practicing License in Immigration Engagements;
- Master Tax Practitioner (SA), tax specialist for resident and non-resident individuals and corporate entities;
- Professional experience in commercial and consulting environment and publications in various industry's periodicals;
- Founding partner of TaxAdvise;
- Member of SAIBA and the SAIT.

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Course Outline

- Introduction
- Investing in South Africa
- Business Visas - Section 15 and Regulation 14 of the Immigration Act
- ISRS 4400 and the objective of an Agreed-Upon Procedures Engagements
- Proposed International Standard on Related Services 4400 (Revised) Agreed-Upon Procedures Engagements
- Partnering with visa consultants and other services to provide to business visa holders



Introduction



- The Immigration Act 13 of 2002, as amended, states the requirements to obtain a Business Visa.
- Regulation 14 of the Act, as amended, on the 29th November 2018.
- Key role of accountants for Business Visa applications.
- Potential avenue for additional business and revenue for accountants.



Immigration Act and Regulations

The Immigration Act states the requirements for foreign investors to obtain a Business Visa that will allow them to immigrate to South Africa for the purposes of conducting business.

Definition of Visa

“**visa**” means the prescribed endorsement issued upon application on the valid passport of a foreigner granting such foreigner the authority to proceed to the Republic to report for a prescribed examination to an immigration officer at the port of entry with a view to admission on a specified temporary residence, which at any time before admission may be withdrawn by the Department;”

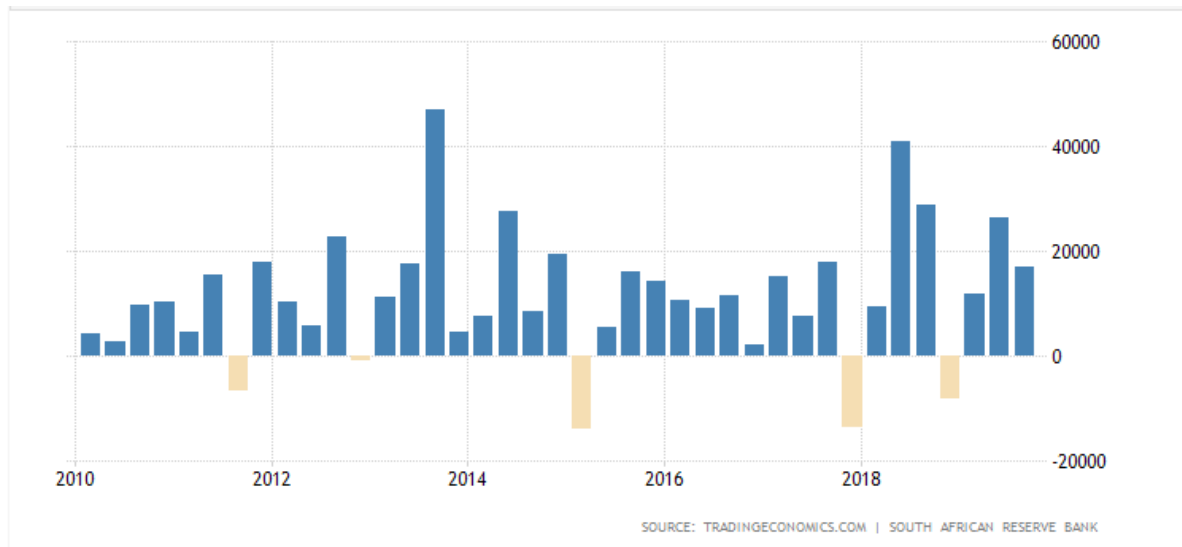


Investing in South Africa



Investing in South Africa

Statistics



Actual	Previous	Highest	Lowest	Dates	Unit	Frequency
17024.00	26301.00	52712.00	-13910.00	1985 - 2019	ZAR Billion	Quarterly

source: tradingeconomics.com

Investing in South Africa

Statistics

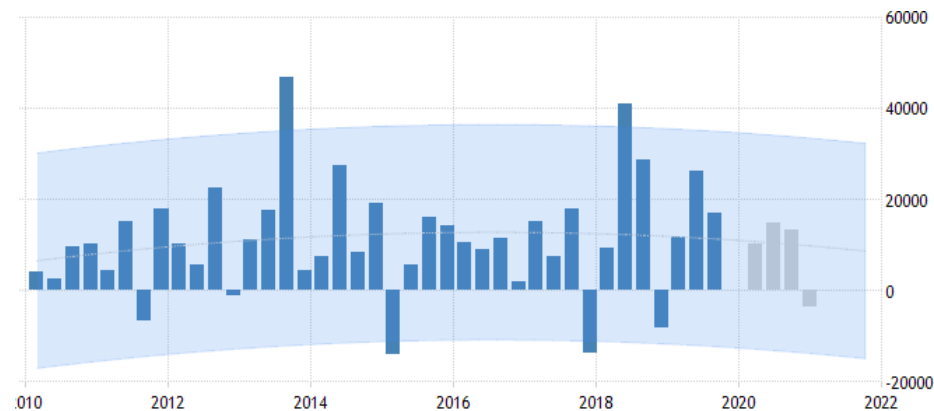
- Foreign Direct Investment (FDI) in South Africa averaged 5791.31 ZAR Billion from 1985 until 2019, reaching an all time high of 52712 ZAR Billion in the second quarter of 2001 and a record low of -13910 ZAR Billion in the first quarter of 2015.
- South Africa's positive net International Investment Position (IIP) decreased from a revised R760 billion at the end of June 2019 to R695 billion at the end of September 2019. The decrease in the positive net IPP reflected a larger decline in foreign assets than in foreign liabilities. Both foreign assets and foreign liabilities declined as a result of the restructuring of a large South African company. The decline in the nominal effective exchange of the rand of 4.2% over the period affected foreign assets more than foreign liabilities.

source: [South African Reserve Bank](#)

Investing in South Africa

Forecasts

FDI in South Africa is expected to be 10300.00 ZAR Billion by the end of this quarter, according to Trading Economics global macro models and analysts expectations. Looking forward, estimated FDI in South Africa to stand at -3500.00 in 12 months time. In the long-term, the South Africa Foreign Direct Investment is projected to trend around 1300.00 ZAR Billion in 2021 and 1700.00 ZAR Billion in 2022, according to the econometric models.



SOURCE: TRADINGECONOMICS.COM | SOUTH AFRICAN RESERVE BANK

Current economic and business outlook

➤ International Monetary Fund (IMF)

World Economic Outlook Update, January 2020: **Tentative Stabilization, Sluggish Recovery?**, published on January 9, 2020

➤ Energy generating capacity in SA – ESKOM

Global coal giants exit South Africa, Eskom to depend on two miners for 70% of its supply

➤ Impact of COVID-19

IMF makes available US\$ 50 billion to address Coronavirus

[IMF policy action for a healthy global economy](#)

The IMF stands ready to mobilize its \$1 trillion lending capacity to help their membership

Crash of stock markets

Disruption of international travel and migration

2020 – make us or break us

Business is NOT as usual

Adaptation to the new times

The Department of Trade and Industry (the dti)

- ✓ From 1 April 2020 - the dti and EDD will merge to become the Department of Trade, Industry and Competition (the dtic)
- ✓ One of the objectives of the dti is to facilitate transformation of the economy to promote industrial development, **investment**, competitiveness and employment creation;
- ✓ InvestSA is a division of the dti, supporting investors who explore opportunities in South Africa, by helping with information, facilitation and aftercare;
- ✓ Focus on investment promotion and South Africa's investment climate by addressing the cost of doing business to make our country an attractive investment destination.

The Department of Trade and Industry (the dti)

Ten reasons to invest in South Africa

- ✓ No 1 diversified economy in the African continent;
- ✓ Abundant natural resources;
- ✓ Favourable access to global markets;
- ✓ Largest presence of multi-national companies in Africa;
- ✓ Progressive constitution and independent judiciary;
- ✓ Advanced financial services and banking sector;
- ✓ Hot emerging markets;
- ✓ World-class infrastructure and logistics;
- ✓ Young trainable workforce; and
- ✓ Excellent quality of life.

The Department of Trade and Industry (the dti)

- ✓ **Overview, Value proposition and Opportunities in specific industries in SA:**

Advanced Manufacturing:

- Aerospace and defence;
- Chemicals;
- Electronics;
- Fuel Cells;
- Medical Devices;
- Pharmaceuticals.

The Department of Trade and Industry (the dti)

✓ Specific Industries

Green Industries:

- Clean energy;
- Green transport;
- Water;
- The waste economy.

The Department of Trade and Industry (the dti)

✓ Specific Industries

Services:

- Business Process Services;
- Film, TV and documentaries;
- Oil and Gas;
- Ship building and repairs;

The Department of Trade and Industry (the dti)

✓ Specific Industries

Resource-based Industries:

- Agroprocessing;
- Aquaculture;
- Mineral beneficiation;
- Mining;

The Department of Trade and Industry (the dti)

✓ Specific Industries

Manufacturing:

- Automotive and Rail;
- Clothing and textile;
- Cosmetics;
- Furniture;
- Leather and footwear;
- Pulp and paper;
- Metals fabrication.

Special Economic Zones (SEZ)

- ✓ The South African Government established the Industrial Development Zones (IDZs) programme in an effort to reposition itself in the world economy. The programme's main focus was to attract foreign direct investment (FDI) and the export of value-added commodities. Although the IDZs recorded major achievements, there were weaknesses that led to the policy review and the new Special Economic Zones (SEZs) policy;
- ✓ Special Economic Zones (SEZs) within South Africa are geographically designated areas of country set aside for specifically targeted economic activities to promote national economic growth and export by using support measures to attract foreign and domestic investments and technology;

Special Economic Zones (SEZ)

- ✓ Package of tax incentives will be available to qualifying companies locating in approved SEZs, subject to certain criteria;
- ✓ Section 12R of the Income Tax Act defines the qualifying conditions;
- ✓ The qualifying companies are entitled to a reduced corporate income tax rate for the period 2014-2024;
- ✓ VAT and Customs relief;
- ✓ Building allowances;
- ✓ The dti's Special Economic Zones Tax Incentive Guide.



Business Visas

Section 15 and Regulation 14 of the Immigration Act

Section 15 of the Immigration Act 13, 2002, as amended:

Section 15(1) *“...a business visa may be issued by the Director-General to a foreigner intending to establish or invest in, or who has established or invested in, a business in the Republic in which he or she may be employed, and an appropriate visa for the duration of the business visa...”*

Section 15(1A) *“No business visa may be issued or renewed in respect of any business undertaking which is listed as undesirable by the Minister from time to time in the Gazette, after consultation with the Minister responsible for trade and industry.”*

Section 15(2) *“The holder of a business visa may not conduct work other than work related to the business in respect of which the visa has been issued.”*

Section 15(3) *“The Director-General may reduce or waive the financial or capital contribution referred to in subsection (1)(a) for businesses which are prescribed to be in the national interest, or when so requested by the Department of Trade and Industry.”*

Regulation 14, as recently amended, and in effect from 1 December 2018:

14. Business visa

14.(1) An application for a business visa by **a foreigner who intends to establish a business or invest in a business that is not yet established in the Republic**, shall be accompanied by—

(a) **a certificate or a factual finding report issued by a chartered accountant registered with the South African Institute of Chartered Accountants, a professional accountant registered with the South African Institute of Professional Accountants or a Business Accountant registered with the South African Institute for Business Accountants...**”

Professional designations of accountants who may issue Factual Finding Report:

- ✓ **CA(SA)** - Chartered Accountants, registered with the South African Institute of Chartered Accountants (SAICA)
- ✓ **PA(SA)** - Professional Accountants, registered with the South African Institute of Professional Accountants (SAIPA)
- ✓ **BAP(SA)** - Business Accountants, registered with the Southern African Institute for Business Accountants (SAIBA)

Regulation 14 as amended:

- (i) at least an amount in cash to be invested in the Republic as determined from time to time by the Minister, after consultation with the Minister of Trade and Industry, by notice in the Gazette, is available; or*
 - (ii) at least an amount in cash and a capital contribution as determined from time to time by the Minister, after consultation with the Minister of Trade and Industry, by notice in the Gazette, is available;*
- (b) an undertaking by the applicant that at least 60% of the total staff complement to be employed in the operations of the business shall be South African citizens or permanent residents employed permanently in various positions: Provided that proof of compliance with this undertaking shall be submitted within 12 months of the issuance of the visa;*

Regulation 14 as amended:

(c) an undertaking to register with the—

(i) South African Revenue Service;

(ii) Unemployment Insurance Fund;

(iii) Compensation Fund for Occupational Injuries and Diseases;

(iv) Companies and Intellectual Properties Commission (CIPC), where legally required; and

(v) relevant professional body, board or council recognised by SAQA in terms of section 13(1)(i) of the National Qualifications Framework Act, where applicable,

Regulation 14 as amended:

Provided that upon registration, all certificates shall be submitted to the Director-General;

(d) a police clearance certificate; and

(e) a letter of recommendation from the Department of Trade and Industry regarding—

(i) the feasibility of the business; and

(ii) the contribution to the national interest of the Republic.

Regulation 14 as amended:

14(2) An application for a business visa by **a foreigner who has established a business or invested in an existing business in the Republic**, shall be accompanied by...

- A certificate or a factual findings report, issued by a CA(SA), PA(SA), or BAP(SA) to the effect that at least an amount of cash, is available, or already invested in South Africa;
- Proof that at least 60% of the total staff employed in the operations of the business are South African citizens or permanent residents employed permanently
- Proof of registrations with:
 - ✓ SARS;
 - ✓ UIF;
 - ✓ COIDA;
 - ✓ CIPC, if legally required;
 - ✓ Relevant professional body, where applicable
- A Police Clearance Certificate; and
- A letter of recommendation from the dti.

Regulation 14 as amended:

14(3) *A foreigner who invests in a business to be established or has invested in an existing business shall, in addition to complying with subregulation (2), submit—*

- (a) financial statements in respect of the preceding financial year; and*
- (b) proof of the investment.*

14(4) *The applicant must, within 12 months of the visa being issued, submit to the Director-General a letter from the Department of Labour confirming that a report regarding the undertaking referred to in section 15(1)(c)(ii) of the Act that 60% of the staff complement employed in the operations of the business are South African citizens or permanent residents who are employed permanently in various positions.*

14(5) *A business visa may be issued for a period not exceeding three years at a time.*



ISRS 4400 and the objective of an Agreed-Upon Procedures Engagements



Agreed-upon procedure engagement for a business visa application

- ✓ **International Standards of Quality Control (ISQC1)**

The accountant must comply with the International Standards of Quality Control (ISQC1) as issued by the International Auditing and Accounting Standards Board (IAASB).

- ✓ **International Standard on Related Services 4400 (ISRS 4400)**

The accountant must conduct an agreed-upon procedures engagement in accordance with ISRS 4400 and the terms of the engagement.

Objective of an agreed-upon procedure engagement

The objective of an agreed-upon procedure engagement is for the accountant **to perform procedures of an audit nature**, to which the accountant, the respective person, or entity, and any relevant third parties have agreed.

The accountant does not express assurance in the report of the factual findings of an agreed-upon procedures. The users of the report draw their own conclusions, based on the procedures and findings reported by the accountant.

The report is restricted only to the parties, who have agreed to the procedures to be performed, as unrelated users may misinterpret the factual findings.

Code of conduct and quality control

The International Standards of quality Control (ISQC1) deals with a firm's responsibilities for its system of quality control for audits and reviews of financial statements, and other assurance and related services engagements. The ISQC is to be read in conjunction with relevant ethical requirements, such as IESBA code of ethics for professional accountants.

General principles of an agreed-upon procedure engagement

The compiler of the report should comply with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (the IESBA Code). Ethical principles and professional responsibilities for this type of engagement are:

- ✓ Integrity;
- ✓ Objectivity;
- ✓ Professional Competence & due care;
- ✓ Confidentiality;
- ✓ Professional behaviour; and
- ✓ Technical standards



Independence

Independence is not a requirement for agreed-upon procedures engagements; however, the terms or objectives of an engagement or national standards may require the accountant to comply with the independence requirements of the International Ethics Standards Code.

- **Where the accountant is not independent, a statement to that effect would be made in the report of factual findings.**

Defining the terms of the engagement

The accountant should ensure with representatives of the entity and other specified parties who will receive copies of the report of factual findings, that there is a clear understanding regarding the agreed procedures and the conditions of the engagement. Matters to be agreed include:

- Nature of the engagement and that the procedures performed will not constitute an audit or a review and accordingly no assurance will be expressed;
- Stated purpose for the engagement;
- Identification of the financial information to which the agreed-upon procedures will be applied;
- Nature, timing and extent of the specific procedures to be applied;
- Anticipated form of the report of factual findings; and
- Limitations on distribution of the report of factual findings. When such limitation would conflict with the legal requirements, if any, the accountant should not accept the engagement.

Engagement letter

An engagement letter confirms the accountant's acceptance of the appointment and helps avoid misunderstanding regarding such matters as the objectives and scope of the engagement, the extent of the accountant's responsibilities and the form of reports to be issued.

The engagement letter documenting the terms of the appointment, is presented by the accountant to the client and is accepted and signed by both parties.



➤ **Planning**

The accountant should plan the work so that an effective engagement will be performed.

➤ **Documentation**

The accountant must document matters which are important in providing evidence to support the report of factual findings, and evidence that the engagement was carried out in accordance with this ISRS and the terms of the engagement.

Procedures and evidence

The accountant should carry out the procedures agreed upon and use the evidence obtained as the basis for the report of factual findings. The procedures applied in an engagement to perform agreed-upon procedures may include the following:

- ✓ Inquiry and analysis;
- ✓ Recomputation, comparison and other accuracy checks;
- ✓ Observation;
- ✓ Inspection;
- ✓ Obtaining confirmations; and
- ✓ Reporting.



Procedures and evidence

Applied inquiries:

- ✓ Interview with the business visa applicant;
- ✓ Acquire copies of the passport of the business visa applicant;
- ✓ Obtain annual financial statements of the offshore entity, if there is one;
- ✓ Obtain annual financial statements relevant to the business visa applicant;
- ✓ Obtain recent bank statements of the personal bank accounts of the business visa applicant;
- ✓ Obtain information in respect of the industry, in which the business visa applicant intends to operate;
- ✓ Obtain information about the business visa applicant's knowledge and fluency of the industry and related market/s in his/her country of origin.

Reporting

The report on an agreed-upon procedures engagement needs to describe the purpose and the agreed-upon procedures of the engagement in sufficient detail to enable the reader to understand the nature and the extent of the work performed.

The report of factual findings must contain:

- Title;
- Addressee (ordinarily the client who engaged the accountant to perform the agreed-upon procedures);
- Identification of specific financial or non-financial information to which the agreed-upon procedures have been applied;
- A statement that the procedures performed were those agreed upon with the recipient;
- A statement that the engagement was performed in accordance with the International Standard on Related Services applicable to agreed-upon procedures engagements, or with relevant national standards or practices;
- When relevant, a statement that the accountant is not independent of the entity;
- Identification of the purpose for which the agreed-upon procedures were performed.

Reporting

- A listing of the specific procedures performed;
- A description of the accountant's factual findings including sufficient details of errors and exceptions found;
- Statement that the procedures performed do not constitute either an audit or a review and, as such, no assurance is expressed;
- A statement that had the accountant performed additional procedures, an audit or a review, other matters might have come to light that would have been reported;
- A statement that the report is restricted to those parties that have agreed to the procedures to be performed;
- A statement (when applicable) that the report relates only to the elements, accounts, items or financial and non-financial information specified and that it does not extend to the entity's financial statements taken as a whole;
- Date of the report;
- Accountant's address; and
- Accountant's signature.

ENGAGEMENTS TO PERFORM AGREED-UPON PROCEDURES
REGARDING FINANCIAL INFORMATION

Appendix 2

**Illustration of a Report of Factual Findings in Connection with
Accounts Payable**

REPORT OF FACTUAL FINDINGS

To (those who engaged the auditor)

We have performed the procedures agreed with you and enumerated below with respect to the accounts payable of ABC Company as at (date), set forth in the accompanying schedules (not shown in this example). Our engagement was undertaken in accordance with the International Standard on Related Services (or refer to relevant national standards or practices) applicable to agreed-upon procedures engagements. The procedures were performed solely to assist you in evaluating the validity of the accounts payable and are summarized as follows:

1. We obtained and checked the addition of the trial balance of accounts payable as at (date) prepared by ABC Company, and we compared the total to the balance in the related general ledger account.
2. We compared the attached list (not shown in this example) of major suppliers and the amounts owing at (date) to the related names and amounts in the trial balance.

3. We obtained suppliers' statements or requested suppliers to confirm balances owing at (date).
4. We compared such statements or confirmations to the amounts referred to in 2. For amounts which did not agree, we obtained reconciliations from ABC Company. For reconciliations obtained, we identified and listed outstanding invoices, credit notes and outstanding checks, each of which was greater than xxx. We located and examined such invoices and credit notes subsequently received and checks subsequently paid and we ascertained that they should in fact have been listed as outstanding on the reconciliations.

We report our findings below:

- (a) With respect to item 1 we found the addition to be correct and the total amount to be in agreement.
- (b) With respect to item 2 we found the amounts compared to be in agreement.
- (c) With respect to item 3 we found there were suppliers' statements for all such suppliers.
- (d) With respect to item 4 we found the amounts agreed, or with respect to amounts which did not agree, we found ABC Company had prepared reconciliations and that the credit notes, invoices and outstanding checks over

xxx were appropriately listed as reconciling items with the following exceptions:

(Detail the exceptions)

Because the above procedures do not constitute either an audit or a review made in accordance with International Standards on Auditing or International Standards on Review Engagements (or relevant national standards or practices), we do not express any assurance on the accounts payable as of (date).

Had we performed additional procedures or had we performed an audit or review of the financial statements in accordance with International Standards on Auditing or International Standards on Review Engagements (or relevant national standards or practices), other matters might have come to our attention that would have been reported to you.

Our report is solely for the purpose set forth in the first paragraph of this report and for your information and is not to be used for any other purpose or to be distributed to any other parties. This report relates only to the accounts and items specified above and does not extend to any financial statements of ABC Company, taken as a whole.

AUDITOR

Date

Address

RELATED SERVICES



ED ISRS 4400 (Revised)



ISRS 4400 (Revised)

- Proposed ISRS 4400 (Revised) exposure draft released in November 2018;
- Agreed-upon procedures (AUP) engagements are widely used in many jurisdictions and the demand for AUP engagements continues to grow, particularly in relation to the need for increased accountability around funding and grants;
- Current ISRS 4400 was developed over 20 years ago and has not kept pace with the significant changes that have occurred in the business environment driving the demand for AUP engagements on both financial and non-financial subject matters. To explore the issues related to AUP engagements, the IAASB commenced a project in 2015.

ISRS 4400 (Revised)

The exposure draft of proposed ED ISRS 4400 (Revised), Agreed-Upon Procedures Engagements (ED-4400) is drafted using the clarity drafting convention and enhances key concepts relevant to an AUP engagement, including the following new requirements:

- ✓ Professional judgement;
- ✓ Independence;
- ✓ Engagement acceptance and continuance considerations;
- ✓ Use of a **practitioner's expert**;
- ✓ AUP report restrictions — clarification that the AUP report is not restricted to parties that have agreed to the procedures to be performed unless the practitioner decides to do so, and new application material on the practitioner's considerations if the practitioner wishes to place restrictions on the AUP report.

ISRS 4400 (Revised)

ED-4400 also addresses non-financial subject matters, and includes new **definitions** and new **requirements** and **application material** on written representations and recommendations arising from the performance of AUP engagements, and documentation, among others.

The ISRS 4400 (Revised) will ultimately affect the compilation of the factual finding report as per Regulation 14, and the accountants must be aware of the new standard, when comes into effect.

Proposed effective date: ISRS 4400 (Revised) will be effective for agreed-upon procedures engagements for which the terms of engagement are agreed on or after 1 January 2022

ISRS 4400 (Revised) - Definitions

Paragraph 13 Definitions

- (a) **Agreed-upon procedures** – Procedures that have been agreed to by the practitioner and the engaging party.
- (b) **Agreed-upon procedures engagement** – An engagement in which a practitioner is engaged to carry out procedures to which the practitioner and the engaging party have agreed and to communicate the procedures performed and the related findings in an agreed-upon procedures report. The practitioner does not express an opinion or conclusion on the results of the procedures performed.
- (c) **Engagement partner** – The partner or other person in the firm who is responsible for the engagement and its performance, and for the agreed-upon procedures report that is issued on behalf of the firm, and who, where required, has the appropriate authority from a professional, legal or regulatory body.
- (d) **Engaging party** – The party(ies) that engages the practitioner to perform the agreed-upon procedures engagement. (Ref: Para. A9) (e) **Engagement team** – All partners and staff performing the agreed-upon procedures engagement, and any individuals engaged by the firm or a network firm who perform procedures on the engagement. This excludes a practitioner's external expert engaged by the firm or a network firm.

ISRS 4400 (Revised) - Definitions

(f) Findings – Findings are the factual results of procedures performed. Findings are capable of being objectively verified and objectively described. Accordingly, references to findings in this ISRS exclude opinions or conclusions in any form as well as any recommendations that the practitioner may make. (Ref: Para. A10–A11)

(g) Intended users – The individual(s) or organization(s), or group(s) that the practitioner expects will use the agreed-upon procedures report. In some cases, there may be intended users other than those to whom the agreed-upon procedures report is addressed.

(h) Practitioner – The individual(s) conducting the engagement (usually the engagement partner or other members of the engagement team, or, as applicable, the firm). Where this ISRS expressly intends that a requirement or responsibility be fulfilled by the engagement partner, the term "engagement partner" rather than "practitioner" is used.

(i) Practitioner's expert – An individual or organization possessing expertise in a field other than assurance, whose work in that field is used by the practitioner in performing agreed-upon procedures. A practitioner's expert may be either a practitioner's internal expert (who is a partner or staff, including temporary staff, of the practitioner's firm or a network firm) or a practitioner's external expert.

ISRS 4400 (Revised) - Definitions

(j) Professional judgment - The application of relevant training, knowledge and experience, within the context provided by professional standards, in making informed decisions about the courses of action that are appropriate in the circumstances of the agreed-upon procedures engagement. **(k) Relevant ethical requirements** – Ethical requirements the engagement team is subject to when undertaking agreed-upon procedures engagements. These requirements ordinarily comprise the IESBA Code together with national requirements that are more restrictive.

(k) Relevant ethical requirements – Ethical requirements the engagement team is subject to when undertaking agreed-upon procedures engagements. These requirements ordinarily comprise the IESBA Code together with national requirements that are more restrictive.

ISRS 4400 (Revised) – Requirements

Conduct of an Agreed-Upon Procedures Engagement in Accordance with this ISRS

14. The practitioner shall have an understanding of the entire text of this ISRS, including its application and other explanatory material, to understand its objectives and to apply its requirements properly.

Complying with Relevant Requirements

15. The practitioner shall comply with each requirement of this ISRS unless a particular requirement is not relevant to the agreed-upon procedures engagement, for example, if the circumstances addressed by the requirement do not exist in the engagement.

16. The practitioner shall not represent compliance with this ISRS unless the practitioner has complied with all requirements of this ISRS relevant to the agreed-upon procedures engagement.

Relevant Ethical Requirements

17. The practitioner shall fulfil the practitioner's responsibilities in accordance with relevant ethical requirements. (Ref: Para. A12–A13)

ISRS 4400 (Revised) - Application and Other Explanatory Material

A2. Examples of financial and non-financial subject matters on which an agreed-upon procedures engagement may be performed include:

➤ **Financial information relating to:**

- o The entity's financial statements or specific classes of transactions, account balances or disclosures within the financial statements.
- o Eligibility of expenditures claimed from a funding program.
- o Revenues for determining royalties, rent or franchise fees based on a percentage of revenues.
- o Capital adequacy ratios for regulatory authorities.

➤ **Non-financial subject matters relating to:**

- o Numbers of passengers reported to a civil aviation authority.
- o Observation of destruction of fake or defective goods reported to a regulatory authority.
- o Data generating processes for lottery draws reported to a regulatory authority.
- o Volume of greenhouse gas emissions reported to a regulatory authority.
- o Compliance with contract or regulation.

The above list is not exhaustive. Additional types of agreed-upon procedures engagements may arise as external reporting demands evolve.

ISRS 4400 (Revised) - Application and Other Explanatory Material

Relationship with ISQC 1 (Ref: Para. 3)

A4. Under ISQC 1, the firm has an obligation to establish and maintain a system of quality control to provide it with reasonable assurance that:

- (a) The firm and its personnel comply with professional standards and applicable legal and regulatory requirements; and (b) Reports issued by the firm or engagement partners are appropriate in the circumstances (*ISQC 1, paragraph 11*)

A8. A deficiency in the firm's system of quality control does not necessarily indicate that an agreed-upon procedures engagement was not performed in accordance with professional standards and applicable legal and regulatory requirements, or that the agreed-upon procedures report was not appropriate.

ISRS 4400 (Revised) - Application and Other Explanatory Material

Definitions – *Findings*

Findings (Ref: Para. 13(f))

A10. Factual results are capable of being objectively described and objectively verified, which means that different practitioners performing the same procedures **are expected to arrive at the same results**.

A11. In some jurisdictions, the term “findings” may be replaced with “**factual findings**”.

Relevant Ethical Requirements (Ref: Para. 17)

A13. The IESBA Code does not contain independence requirements for agreed-upon procedures engagements. Accordingly, there is no requirement for the practitioner to determine independence. However, national ethical codes, laws or regulations, the firm’s policies and procedures, or the terms of engagement may specify requirements pertaining to independence.

ISRS 4400 (Revised) - Application and Other Explanatory Material

Professional Judgment (Ref: Para. 18)

A14. Professional judgment is applied in the acceptance and proper conduct of an agreed-upon procedures engagement. Professional judgment is necessary to interpret and apply relevant ethical requirements and this ISRS, and in making informed decisions about courses of actions throughout the agreed-upon procedures engagement.

A15. Professional judgment may be applied in an agreed-upon procedures engagement as follows:

- Discussing the nature, timing and extent of the procedures to be performed (taking into account the purpose of the engagement) with the engaging party, and in some cases, the intended users or the responsible party (if these parties are not the engaging party) or the practitioner's expert.

ISRS 4400 (Revised) - Application and Other Explanatory Material

Professional Judgment (Ref: Para. 18) - continued

- Describing the findings in an objective manner.
- Determining whether any of the terminology used to describe the procedures or findings is unclear, misleading, or subject to varying interpretations.
- Determining the resources necessary to carry out the procedures as agreed in the terms of the engagement, including the need to involve a practitioner's expert.
- Determining appropriate actions if the practitioner becomes aware of:
 - Facts or circumstances suggesting that the procedures to which the practitioner is being asked to agree are inappropriate for the purpose of the agreed-upon procedures engagement.
 - Matters that may indicate fraud or an instance of non-compliance or suspected non-compliance with laws or regulations.
 - Other matters that cast doubt on the integrity of the information relevant to the agreed-upon procedures engagement, or indicate that the information may be misleading.

ISRS 4400 (Revised) - Application and Other Explanatory Material

Professional Judgment (Ref: Para. 18) – continued

A16. Unlike in an assurance engagement, the procedures performed in an agreed-upon procedures engagement are not designed by the practitioner to obtain reasonable or limited assurance evidence that provides a basis for an opinion or conclusion. Rather, an agreed-upon procedures engagement involves the performance of the specific procedures that have been agreed upon with the engaging party, where the engaging party has acknowledged that the procedures performed are appropriate for the purpose of the engagement. The more a procedure requires professional judgment, the more the practitioner may need to consider whether the condition that the agreed-upon procedures and findings can be described objectively, in terms that are clear, not misleading, and not subject to varying interpretations is present.

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Independence

The Agreed-Upon Procedures Report – Paragraph 30 (f):

(f) With respect to independence:

- (i) If required to be independent by relevant ethical requirements, terms of the engagement, or other reasons, a statement that the practitioner is independent and the basis therefor; or
- (ii) If not required to be independent by relevant ethical requirements, terms of the engagement, or other reasons, either:
 - a. A statement that the practitioner is not required to be independent; or
 - b. If a determination has been made that the practitioner is independent, a statement to that effect and the basis therefor; (Ref: Para. A40)
 - c. (g) When it is known that the practitioner is not independent, a statement to that effect; (Ref: Para. A41–A42)

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Engagement Acceptance and Continuance (Ref: Para. 20–21)

A20. The procedures to be performed during the agreed-upon procedures engagement may be prescribed by law or regulation. In some cases, law or regulation may also prescribe the way the procedures or findings are to be described in the agreed-upon procedures report. As set out in paragraph 20(b), a condition of accepting an agreed-upon procedures engagement is that the practitioner has determined that the agreed-upon procedures and findings can be described objectively, in terms that are clear, not misleading, and not subject to varying interpretations.

A21. In some circumstances, law or regulation may prescribe only the nature of the procedures to be performed. In such circumstances, in accordance with paragraph 22(f), the practitioner agrees the timing and extent of procedures to be performed with the engaging party so that the engaging party has a basis to acknowledge that the procedures to be performed are appropriate for the purpose of the engagement.



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Other services to provide to successful business visa applicants

- Registration with CIPC;
- Statutory registrations with SARS – Income tax, Employees' tax, VAT;
- Labour department registration – UIF, COIDA;

Other services to provide to successful business visa applicants

- Accounting;
- Payroll;
- Submission of relevant statutory returns to SARS;
- Financial reporting – compilation of annual financial statements (AFS);
- Tax compliance and tax consulting.

QUESTIONS

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**THANK YOU FOR YOUR
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