



# Guide to issuing Immigration Certificates

# GUIDE TO USING ISRS 4400 WHEN ISSUING CERTIFICATES FOR IMMIGRATION PURPOSES

(This guide is effective)

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## Introduction

1. This Guide is an adaptation from the International Standard on Related Services 4400 (ISRS4400). It incorporates the ISRS 4400 text verbatim but makes amendments as appropriate to the requirements pertaining to **sections 14(1)(a) and (2)(b)** of the Immigration Regulations (as amended) under the **Immigration Act, No. 13 of 2002**.
2. The purpose of this Guide is to help to help Business Accountant in Practice (SA), BAP(SA), apply ISRS4400 and establish standards on the BAP(SA)'s professional responsibilities when an engagement to perform agreed-upon procedures regarding on the application of a Business Visa in terms of **sections 14(1)(a) and (2)(b)** of the Immigration Regulations (as amended) under the **Immigration Act, No. 13 of 2002**, is undertaken, and on the form and content of the report that the BAP(SA) issues in connection with such an engagement.
3. This Guide and the ISRS 4400 is directed toward engagements regarding financial information. However, it may provide useful guidance for engagements regarding non-financial information, provided the BAP(SA) has adequate knowledge of the subject matter in question and reasonable criteria exist on which to base findings. Guidance in the International Standards on Auditing (ISAs) may be useful to the BAP(SA) in applying this ISRS.
4. An engagement to perform agreed-upon procedures may involve the BAP(SA) in performing certain procedures concerning individual items of financial data (related specifically to **sections 14(1)(a) and (2)(b)** of the Immigration Regulations (as amended) under the **Immigration Act, No. 13 of 2002**), a financial statement (for example, a balance sheet) or even a complete set of financial statements.

## Objective of an Agreed-Upon Procedures Engagement

5. The objective of an agreed-upon procedures engagement is for the BAP(SA) to carry out procedures of an audit nature to which the BAP(SA) and the entity and any appropriate third parties have agreed and to report on factual findings.
6. As the BAP(SA) simply provides a report of the factual findings of agreed-upon procedures, no assurance is expressed. Instead, users of the report assess for themselves the procedures and findings reported by the BAP(SA) and draw their own conclusions from the BAP(SA)'s work.
7. The report is restricted to those parties that have agreed to the procedures to be performed since others, unaware of the reasons for the procedures, may misinterpret the results.

## **General Principles of an Agreed-Upon Procedures Engagement**

8. The BAP(SA) should comply with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (the IESBA Code). Ethical principles governing the BAP(SA)'s professional responsibilities for this type of engagement are:
  - a. Integrity;
  - b. Objectivity;
  - c. Professional competence and due care;
  - d. Confidentiality;
  - e. Professional behavior;
  - f. Technical standards; and
  - g. Independence**
9. Independence is not normally a requirement for agreed-upon procedures engagements; however, as the governing body of all BAP(SA)s SAIBA requires that all BAP(SA)s must comply with the independence requirements of the IESBA Code. Where the BAP(SA) is not independent, a statement to that effect would be made in the report of factual findings.
10. The BAP(SA) should comply with the International Standards of Quality Control (ISQC1) as issued by the International Auditing and Accounting Standards Board (IAASB) as applicable to ISRS 4400 engagements.
11. The BAP(SA) should conduct an agreed-upon procedures engagement in accordance with ISRS 4400 and the terms of the engagement.

## **Defining the Terms of the Engagement**

12. The BAP(SA) should ensure with representatives of the entity and, ordinarily, 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 the following:
  - Nature of the engagement including the fact that the procedures performed will not constitute an audit or a review and that 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.

- Limitations on distribution of the report of factual findings. When such limitation would be in conflict with the legal requirements, if any, the BAP(SA) would not accept the engagement.
13. In certain circumstances, for example, when the procedures have been agreed to between the regulator, industry representatives and representatives of the accounting profession, the BAP(SA) may not be able to discuss the procedures with all the parties who will receive the report. In such cases, the BAP(SA) may consider, for example, discussing the procedures to be applied with appropriate representatives of the parties involved, reviewing relevant correspondence from such parties or sending them a draft of the type of report that will be issued.
14. It is in the interests of both the client and the BAP(SA) that the BAP(SA) sends an engagement letter documenting the key terms of the appointment. An engagement letter confirms the BAP(SA)'s acceptance of the appointment and helps avoid misunderstanding regarding such matters as the objectives and scope of the engagement, the extent of the BAP(SA)'s responsibilities and the form of reports to be issued.
15. Matters that would be included in the engagement letter include the following:
- A listing of the procedures to be performed as agreed upon between the parties.
  - A statement that the distribution of the report of factual findings would be restricted to the specified parties who have agreed to the procedures to be performed. In addition, the BAP(SA) may consider attaching to the engagement letter a draft of the type of report of factual findings that will be issued. An example of an engagement letter appears in Appendix 1 to this Guide.

## **Planning**

16. The BAP(SA) should plan the work so that an effective engagement will be performed.

## **Documentation**

17. The BAP(SA) should 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**

18. The BAP(SA) should carry out the procedures agreed upon and use the evidence obtained as the basis for the report of factual findings.

19. The procedures applied in an engagement to perform agreed-upon procedures may include the following:

- Inquiry and analysis.
- Recomputation, comparison and other clerical accuracy checks.
- Observation.
- Inspection.
- Obtaining confirmations. Appendix 2 to this ISRS is an example report which contains an illustrative list of procedures which may be used as one part of a typical agreed-upon procedures engagement.

## Reporting

20. 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. 18. The report of factual findings should contain:

- a. Title;
- b. Addressee (ordinarily the client who engaged the BAP(SA) to perform the agreed-upon procedures);
- c. Identification of specific financial or non-financial information to which the agreed-upon procedures have been applied;
- d. A statement that the procedures performed were those agreed upon with the recipient;
- e. 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;
- f. When relevant a statement that the BAP(SA) is not independent of the entity;
- g. Identification of the purpose for which the agreed-upon procedures were performed;
- h. A listing of the specific procedures performed;
- i. A description of the BAP(SA)'s factual findings including sufficient details of errors and exceptions found;
- j. Statement that the procedures performed do not constitute either an audit or a review and, as such, no assurance is expressed;
- k. A statement that had the BAP(SA) performed additional procedures, an audit or a review, other matters might have come to light that would have been reported;
- l. A statement that the report is restricted to those parties that have agreed to the procedures to be performed;

- m. 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;
- n. Date of the report;
- o. BAP(SA)'s address; and
- p. BAP(SA)'s signature.

21. Appendix 2 to this ISRS contains an example of a report of factual findings issued in connection with an engagement to perform agreed-upon procedures regarding financial information.

## Appendix 1 - Illustration of an Engagement Letter

The following letter is for use as a guide in conjunction with this Guide and is not intended to be a standard letter. The engagement letter will need to be varied according to individual requirements and circumstances.

To the Board of Directors or other appropriate representatives of the client who engaged the BAP(SA):

This letter is to confirm our understanding of the terms and objectives of our engagement and the nature and limitations of the services that we will provide.

Our engagement will be conducted in accordance with the:

- International Standard on Related Services 4400 applicable to agreed-upon procedures engagements;
- The Code of Ethics for Professional Accountants and the
- International Standard of quality Control

We have agreed to perform the following procedures and report to you the factual findings resulting from our work: *(Describe the nature, timing and extent of the procedures to be performed, including specific reference, where applicable, to the identity of documents and records to be read, individuals to be contacted and parties from whom confirmations will be obtained.)*

The procedures that we will perform are solely to assist you in *(state purpose)*.

Our report is not to be used for any other purpose and is solely for your information. The procedures that we will perform will not constitute an audit or a review made in accordance with International Standards on Auditing or International Standards on Review Engagements (or refer to relevant national standards or practices) and, consequently, no assurance will be expressed.

We look forward to full cooperation with your staff and we trust that they will make available to us whatever records, documentation and other information requested in connection with our engagement.

Our fees, which will be billed as work progresses, are based on the time required by the individuals assigned to the engagement plus out-of-pocket expenses. Individual hourly

rates vary according to the degree of responsibility involved and the experience and skill required. Please sign and return the attached copy of this letter to indicate that it is in accordance with your understanding of the terms of the engagement including the specific procedures which we have agreed will be performed.

XYZ & Co

Acknowledged on behalf of ABC Company by (signed)

Name

Title

Date

## Appendix 2 – Illustrated Report

Illustration of a Report of Factual Findings in Connection **sections 14(1)(a) and (2)(b)** of the Immigration Regulations (as amended) under the **Immigration Act, No. 13 of 2002**.

(Letter head of BAP(SA))

For attention

*Representative individual*

*Business entity name*

*Contact details*

### **REPORT OF FACTUAL FINDINGS OF THE BUSINESS ACCOUNTANT TO (NAME OF APPLICANT) ON THE APPLICATION OF A BUSINESS VISA**

We have performed the procedures agreed with you and enumerated below with respect to the application of a business visa in terms sections 14(1)(a) and (2)(b) of the Immigration Regulations (as amended) under the Immigration Act, No. 13 of 2002.

Our engagement was undertaken in accordance with the International Standard on Related Services (ISRS) 4400, the Code of Ethics for Professional Accountants and the International Standard of quality Control.

The procedures were performed solely to assist the applicant in the application for a Business Visa and they are summarised as follows: *(example procedures that may need to be updated to reflect the particular circumstances related to the applicant. The example below reflects a business person operating in his/her home country within a company form applying for a business visa to operate in South Africa)*

#### **Regulation 14(1)(a)**

1. We obtained a certified true copy of the company registration documents of the entity and confirmed the company and director names, to the company and director names as stated in the certified true copy of the audited financial statements prepared for the preceding year.
2. We obtained the certified as true copy of the audited financial statements prepared for the preceding year and the certified as true copy of the tax return filed in terms of

those financial statements, and compared the company details and the turnover amounts.

3. We directly obtained bank confirmation certificates from the following banks confirming the cash on deposit, and we agreed the confirmed balance to the amount shown on the bank reconciliations maintained by the business entity/individual in respect of the preceding three financial years.

	Audited Financial Statements as at...	Amount as per Audited Financial Statements	Amount as per bank confirmation
Bank A	(date)		
Bank B	(date)		
Bank C	(date)		
Total amount			

4. We directly obtained bank confirmation certificates from the following banks confirming the cash on deposit held by the business entity/individual as at the last month preceding the Business Visa application, and we agreed the confirmed balance to the amount shown on the bank reconciliations maintained by the company as follows:

	Month end immediately preceding the application	Amount as per bank reconciliation	Amount as per bank confirmation
Bank A	(date)		
Bank B	(date)		
Bank C	(date)		
Total amount			

5. We obtained the contact details of the auditor of the company and requested written confirmation that the auditor is the current appointed auditor of the company and whether there are any professional reason why we should not proceed with the engagement.
6. We requested and obtained the companies tax clearance certificate from the appointed auditor of the company.

## **Regulation 14(1)(b) – Additional procedures**

*(Net business assets: Where an applicant nominates net business assets for consideration, the value of the net business assets is to be supported by a valuation of the net business assets as at a date within the 3 months immediately before the time of applying for the business visa).*

*(Property: Where an applicant nominates a property for consideration, the market value of the property needs to be included.*

7. We obtained a certified true copy valuation of the company net assets/property from a registered valuer registered with a recognised professional body and compared this value to the capital requirement as per **Regulation 14(1)(a) and (b)**
8. We mathematically calculated the total amount of cash on deposit and/or capital as per the above, and converted the foreign currency amount to the Rand value using the applicable exchange rate as at \_\_\_\_\_ and we agreed the confirmed balance to the minimum amount of cash and/or capital contribution in terms of **Regulations 14(1)(a) and/or (b)** of the latest published Government Gazette pertaining to Immigration Regulations.

We report our findings below:

- a) With respect to item 1 we found the details to [agree/not agree].
- b) With respect to item 2 we found the company details and the turnover amounts to [agree/not agree].
- c) With respect to item 3 we found the amounts to [agree/not agree].
- d) With respect to item 4 we found the amounts to [agree/not agree].
- e) With respect to item 5 we [obtained/did not obtain] a professional reason we should not continue with the engagement.
- f) With respect to item 6 we [obtained/did not obtain] a tax clearance certificate.
- g) With respect to item 7 we found the amounts to [agree/not agree].
- h) With respect to item 8 we found the amounts to [agree/not agree].

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.

BAP(SA)

Date

Address