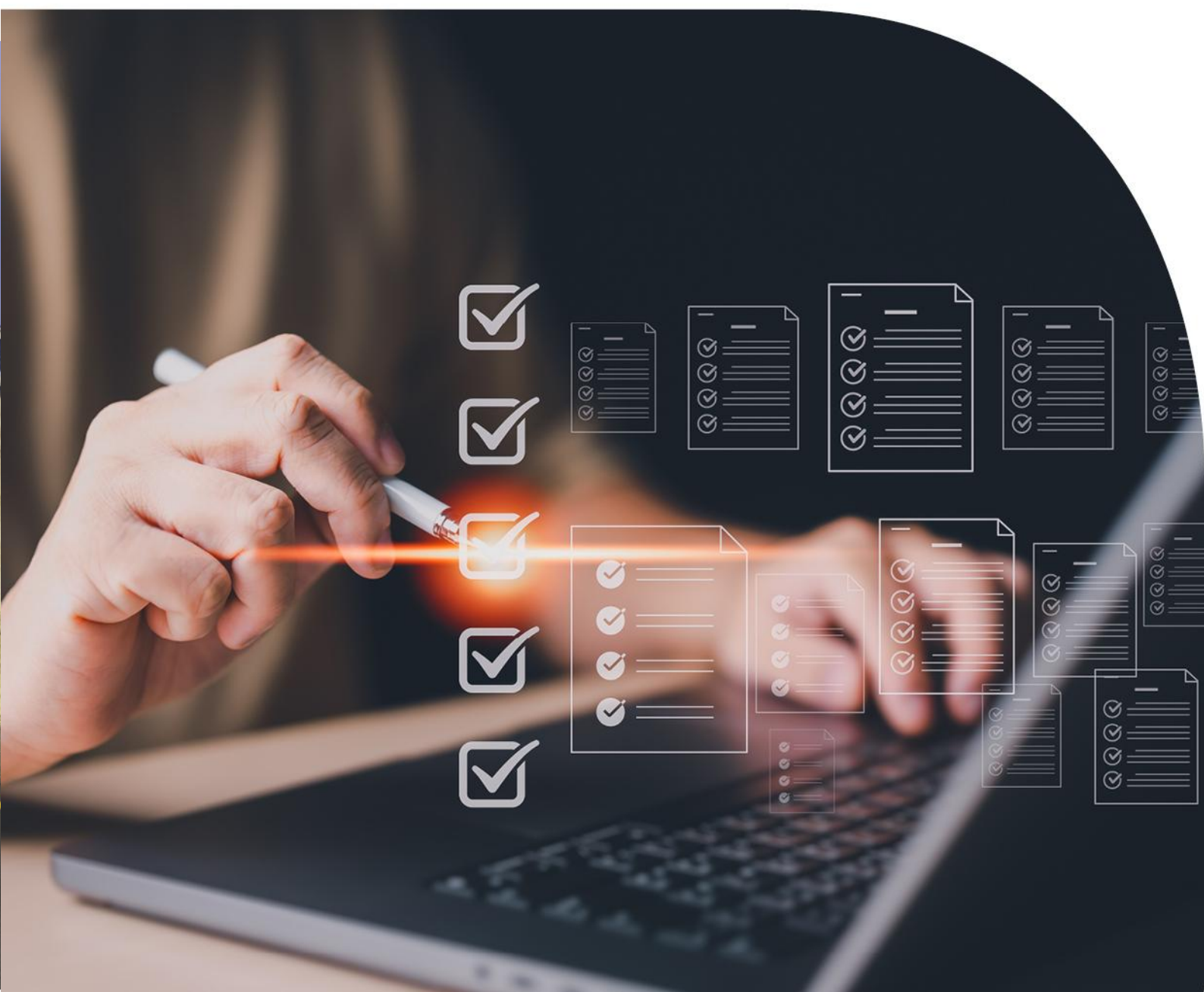


Agreed-Upon Procedures Engagements

Enabling Opportunities for Expansion and Unlocking Value



Discover the Power of an Agreed-Upon Procedures Engagement.

In an Agreed-Upon Procedures (AUP) Engagement, the engagement team carries out procedures that have been mutually agreed upon with the engaging party (and, if applicable, other relevant parties). The engaging party confirms that the procedures are suitable for the engagement.

The engagement team presents the AUP performed and the related findings in the AUP report. The engaging party and other intended users assess the procedures and findings for themselves, forming their conclusions based on the work carried out by the engagement team.

An AUP engagement is not an audit, review, or other form of assurance engagement¹. It does not involve gathering evidence to provide an opinion or an assurance conclusion, and therefore, no opinion or conclusion is expressed.

Unlock the Benefits: Why Choose an AUP Engagement?



Specific Focus:

AUP engagements let stakeholders target specific concerns without the scope of a full audit, such as comparing inventory records, verifying accounts receivable, and tracing grant funds.



Cost-Effective:

AUP engagements may be cost-effective depending on the scope of the engagement.



Flexibility:

AUP engagements are tailored to the client's specific needs, allowing them to address issues not covered in a standard audit. This flexibility provides targeted reports and expert guidance, helping clients meet their goals with confidence.



Enhanced Transparency:

AUP engagements offer stakeholders clear insights into the procedures and results, fostering trust among investors, regulators, and management, while enabling effective monitoring and evaluation.



Regulatory Compliance:

AUP engagements can help meet regulatory requirements or work towards meeting regulatory requirements.



Risk Management:

Organisations use AUP engagements to assess specific risks or controls, identify weaknesses, and make improvements.



Stakeholder Communication:

AUP engagements provide clear findings for stakeholders, aiding discussions on performance or operational issues.



Interim Assessments:

Organisations use AUP engagements for interim assessments, enabling them to monitor and adjust specific areas between audits.

¹Our engagements are conducted in accordance with the International Standard on Related Services (ISRS) (Revised) 4400, *Agreed-Upon Procedure Engagements*. In performing the agreed-upon procedures engagement, we will comply with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and the International Code of Ethics for Professional Accountants (IESBA Code).

AUP Engagements on financial and non-financial matters

AUP engagements may relate to financial or non-financial subject matters. Examples of financial and non-financial matters that may be performed include:

Financial matters

Specific procedures on financial statements or specific classes of transactions, account balances, or disclosures within the financial statements, i.e. confirming inventory balances and inventory checking processes.

Eligibility of expenditures claimed from a funding program.

Bank loan covenants compliance evaluation.

Revenues for determining royalties, rent, or franchise fees based on a percentage of revenues.

Specific procedures for business acquisitions.

Anti-Money Laundering procedures

Calculations of financial ratios of projected cash flows for reporting to tax authorities.

Reconciliation between different financial reporting frameworks.

Liquidity evaluations.

Royalty agreements.

Internal control evaluation.

Specific procedures when buying, selling, or merging a business or part thereof.

Distributable retained earnings calculations and compliance assessment.

Non-financial matters

● Numbers of passengers reported to a civil aviation authority.

● Observation of destruction of fake or defective goods reported to a regulatory authority.

● Data generating processes for lottery draws reported to a regulatory authority.

● Third-party reviews.

AUP in the IT or systems space

● Review of system against business requirements,

● systems or data migration,

● Third-party API integratory draws reported to a regulatory authority.

● Third-party reviews.

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Contact Us



Mohammed Hafiz
Gauteng Provincial Leader:
General Assurance
E mohammed.hafiz@sng.gt.com



Maria Pretorius
Director & Lead:
Business Risk Services
E maria.pretorius@sng.gt.com



Andri Booyens
North West Provincial Leader:
General Assurance
E andri.booyens@sng.gt.com



Piloshini Rampersadh
Western Cape Provincial Leader:
General Assurance
E piloshini.rampersadh@sng.gt.com



Asithandile Ngxabi
Eastern Cape Provincial Leader:
General Assurance
E asithandile.nonkwali@sng.gt.com



Nhlanhla Sigasa
Director & Lead:
Financial Services Industry
E nhlanhla.sigasa@sng.gt.com



Jacobeth Ramapela
Director & Co-Lead:
Higher Education Industry
E jacobeth.ramapela@sng.gt.com



Hermanus Leach
Director & Lead:
Energy & Natural Resources Industry
E herman.leach@sng.gt.com



Priya Amrathlall
Eastern Cape Provincial Leader:
General Assurance
E priya.amrathlall@sng.gt.com



Azwinndini Magadani
Director & Co-Lead:
Higher Education Industry
E azwinndini.magadani@sng.gt.com

USAID and CDC Financial
Management and Compliance, 2018
Yellow Book: U.S. Governmental
Auditing Standards.

Find out how SNG Grant Thornton can help you to achieve your organisational objectives.

<https://www.grantthornton.co.za/>

Credits:

Exploring the Demand for Agreed-Upon Procedures Engagements and Other Services, and the Implications for the IAASB's International Standards. Discussion Paper November 2016.

International Standards on Related Services 4400 Revised – Final Pronouncement – April 2020



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