

Engagement Letter for an Agreed-Upon Procedures Engagement

(for the Auditor to complete and submit to the Grantee with a copy to SCBF)

To

Engaging Party
[GRANTEE]

You have requested that we perform an agreed-upon procedures engagement on the final financial project report. 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 (ISRS) 4400 (Revised), *Agreed-Upon Procedures Engagement*.

An agreed-upon procedures engagement performed under ISRS 4400 (Revised) involves performing the procedures agreed with you and communicating the findings in the agreed-upon procedures report. Findings are the factual results of the agreed-upon procedures performed.

You (engaging party) and Swiss Capacity Building Facility, Zurich, Switzerland acknowledge that the procedures are appropriate for the purpose of the engagement. We make no representation regarding the appropriateness of the procedures. This agreed-upon procedures engagement will be conducted on the basis that Engaging Party (you) is responsible for the subject matter on which the agreed-upon procedures are performed. Further, this agreed-upon procedures engagement is not an assurance engagement. Accordingly, we do not express an opinion or an assurance conclusion.

The procedures that we will perform are solely for the purpose of assisting you in determining whether the final financial project report entries can be reconciled with the supporting documents. Accordingly, our report will be addressed to you and Swiss Capacity Building Facility and our report may not be suitable for another purpose.

We have agreed to perform the following procedures and report to you the findings resulting from our work:

Procedures related to the final financial project report

1. Obtain from management of the Grantee the final financial project report as well as corresponding supporting documents for ALL actual cost entries in the report.
2. Reconcile the final financial project report obtained from the Grantee with the version from SCBF.
3. Verify the correct calculations in the final financial project report.

Procedures related to costs which are booked in the Grantee's bookkeeping system.

4. Reconcile the cost entries in the final financial project report with the supporting documents (bills, receipts, invoices, timesheets) and verify its proper record in the Grantee's book-keeping system.
5. Verify if the claimed amounts are net amounts.
6. Verify the project related booking entries in the Grantee's bookkeeping system (bills and payments from SCBF to the Grantee to date).

Procedures related to cost claims based on Grantee's own staff.

7. Reconcile the entries based on Grantee's own staff in the final financial project report (claimed days with supporting documents (most probably timesheets).
8. Verify if the timesheet is a result of a Grantee's time tracking system and therefore an adequate portion of the total work time and/or if the timesheet is set up just for the project purpose (for example, in Excel spreadsheet).

Procedures related to costs claimed, which are not part of the Grantee’s bookkeeping system.

9. Verify that for all entries in the final financial project report, which are directly paid by the Financial Sector Partner and/or other third parties, signed confirmations to the Grantee are available. Acknowledge the cost type, the amount spent as well as the exclusive usage for this project.

Procedures related to all entries

10. By reviewing the supporting documents corresponding to the entries in the final financial project report, list those claimed costs that have a probability of having a residual value of more than CHF 5,000 at the end of the project. Please verify and document, if the residual values are properly reflected in the final financial project report.
11. By reviewing the supporting documents corresponding to the entries in the final financial project report, verify that these bills, receipts, invoices and timesheets are marked or stamped by Grantee to ensure exclusive claim with SCBF.

Final procedures

12. The Grantee explains budget variances of more than 10% in the final financial project report. After reviewing the supporting documents and verifying them with the entries in the final financial project report, please verify the accuracy of the budget variance description to the actual costs.

The procedures are to be performed between [Date] and [Date].

Agreed-Upon Procedures Report

As part of our engagement, we will issue our report, which will describe the agreed-upon procedures and the findings of the procedures performed.

Please sign and return the attached copy of this letter to indicate your acknowledgement of, and agreement with, the arrangements for our engagement, including the specific procedures which we have agreed will be performed and that they are appropriate for the purpose of the engagement.

We estimate the fee as following

1. xh assistant manager level, [insert rate]
2. xh of senior manager level, [insert rate]
3. xh of director level, [insert rate]

[Insert other information, as appropriate.]

[Auditor’s Signature] [Printed Name and Date]

Acknowledged and agreed on behalf of [GRANTEE] by:

[Signature] [Printed Name and Date]