

---

## BOARD NOTICE

---

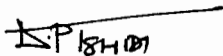
**BOARD NOTICE 152 OF 2009**  
**FINANCIAL SERVICES BOARD**  
**PENSION FUNDS ACT NO 24 OF 1956:**

**AMENDMENT OF BOARD NOTICE 58 OF 2007: CATEGORISATION AND  
PRESCRIBED FINANCIAL STATEMENTS APPLICABLE TO THE  
DIFFERENT CATEGORIES OF FUNDS**

I, Dube Phineas Tshidi, Registrar of Pension Funds, under regulation 12(2) of the Regulations made under the Pension Funds Act, 1956 (No. 24 of 1956), published in GNR. 98 of 1962, *Government Gazette* 162 of 26 January 1962, hereby amend Board Notice 58 of 2007, published in *Government Gazette* 29877 of 30 May 2006 by replacing **Schedule D** of **Annexures C and D** with the **Schedule D** as set in the Schedule to this Notice.

**Schedule D** must be completed and certified by an auditor registered under the Auditing Profession Act, 2005 (Act No. 26 of 2005).

This Notice takes effect on the date of publication thereof. Audits commencing after 1 December 2009 must prepare the audit report in the new prescribed format, however, for audits that have already commenced at the effective date of this Notice the new prescribed audit report may be used.



**DP TSHIDI**  
**Registrar of Pension Funds**

## SCHEDULE D

Date

The Board of Management  
{Name of Fund}  
Address of fund

Cc: The Registrar of Pension Funds  
Financial Services Board  
Pretoria  
0001

Dear Sir

**FACTUAL FINDINGS REPORT <OF THE INDEPENDENT AUDITORS OF [NAME OF FUND] TO THE BOARD OF MANAGEMENT AND THE REGISTRAR OF PENSION FUNDS<sup>1</sup>> or <BY THE REGISTERED AUDITOR TO BOARD OF MANAGEMENT AND THE REGISTRAR OF PENSION FUNDS IN RESPECT OF [NAME OF FUND]<sup>2</sup>>**

### Introduction

At the request of the Registrar of Pension Funds (the “Registrar”) and in accordance with the requirements of Section 15(4) of the Pension Funds Act of South Africa (the Act), we have performed the procedures agreed with the Registrar and set out below with respect to the unaudited financial statements (“annual financial statements”)<sup>3</sup> and other information in the general ledger and management information comprising the accounting records of *the [Name of Fund]* (the “fund”) for the <year/period> ended <insert period end>. Our engagement was undertaken in accordance with the *International Standard on Related Services Engagements (ISRS 4400) to perform agreed-upon procedures regarding financial information*. Our procedures were performed solely to assist the Registrar and the Board of Management in evaluating whether any instances of non-compliance with the requirements of the relevant sections of the Act were identified. The responsibility for determining the adequacy or otherwise of the procedures agreed to be performed, is that of the Registrar. We have initialed the attached <summaries and / or schedules referred to below<sup>4</sup>> for identification purposes only.

<sup>1</sup> Use first option in the heading where the registered auditor providing this Factual Findings Report is the appointed external auditor of the said Fund.

<sup>2</sup> Use the second option in the heading where the registered auditor is not the appointed external auditor of the Fund.

<sup>3</sup> As submitted by the administrator/fund to the registrar of pension funds

<sup>4</sup> Suggest the auditor clearly identifies any such “unaudited” schedules attached and initialed for identification purposes only.

## Procedures and Findings

Our procedures performed and corresponding findings thereon are set out in the table below.

Note: unless otherwise indicated, all balances, lists, schedules etc. referred to below relate to the accounts / balances reflected in the annual financial statements of the Fund, as at the financial period ended <insert year/period end> .

	Procedures	Findings
<b>Statement of Net Assets and Funds</b>		
<b>Investments</b>		
1	We inspected the list of investments held by the fund as at period end for any investments prohibited in terms of section 19 (4) of the Act.	The fund held/did not hold investments prohibited in terms of section 19(4) of the Act. (Or not applicable) <b>[Provide details of exceptions]</b>
1.1	Where investments held in the participating employer exceeded 5%, we inspected the appropriate approval of the Registrar.	The fund <had/did not have> the appropriate approval of the Registrar. <b>[Provide details of exceptions]</b>
2	For all investments or investment policies held by the fund, we obtained investment certificates from the investment manager / insurer for all such assets disclosed in the unaudited annual financial statements.	The fund did/did not have investment certificates from the investment manager/insurer. <b>[Provide details of exceptions]</b>
2.1	For all investments including linked insurance policies (as defined in the Long Term Insurance Act) and/or collective investment schemes we requested a Regulation 28 certificate from the relevant registered insurer/collective investment scheme manager and we observed that the certificate states that the investments are Regulation 28 compliant.	A Regulation 28 certificate was/was not obtained from the relevant registered insurer/collective investment scheme manager/investment manager and noted that the certificate states that the linked insurance policies and/or collective investment schemes <are/are not> Regulation 28 compliant. <b>[Provide details of exceptions]</b>
2.2	We obtained investment certificates for the investments of the fund reflected in the summary prepared by the administrator / fund and agreed the breakdown by category as reflected on the investment certificate to the summary set out in Schedule IA.	The investment certificates of the fund were/were not obtained. The breakdown per category per the investment certificates <agreed/did not agree> to the summary prepared by the administrator/fund. <b>[Provide details of exceptions].</b>

	<b>Procedures</b>	<b>Findings</b>
2.3	We reviewed the disclosure of the Regulation 28 limits in Schedule IB by performing the following procedures:	
2.3.1	We compared the summary of investments by investment category to Schedule IB as attached to the unaudited annual financial statements and compared the calculated limits to the limits set in Regulation 28. Where the limits were exceeded we inspected the letter from the Registrar to the fund granting an exemption.	There <i>&lt;were/were no&gt;</i> differences between the summary of investments per category and the disclosure of the investments per category as set out in Schedule IB and that the limits set in regulation 28 <i>&lt;were/were not&gt;</i> exceeded. Where the limits were exceeded, the fund <i>&lt;has / does not have&gt;</i> the appropriate exemption approval letter from the Registrar. <i>[Provide details of exceptions]</i>
<b>Bank and Cash</b>		
3	We obtained the bank reconciliations of bank accounts of the fund as at <i>[year end/ period end]</i> as disclosed.	The bank reconciliations for the bank accounts of the fund were/were not obtained as at <i>[year end/period end]</i> . <i>[Provide details of exceptions]</i>
3.1	We inspected the bank statements subsequent to period end to <i>&lt;insert date&gt;</i> for evidence that reconciling items were cleared by then and obtained explanations from the <i>&lt;trustees/administrators&gt;</i> for all material outstanding items not cleared by that date.	Reconciling items were cleared/not cleared by <i>&lt;insert date&gt;</i> . Explanations were <i>&lt;obtained/not obtained&gt;</i> for all material outstanding items not cleared by that date. (Note explanations with details in respect to exceptions provided)
<b>Member Individual Accounts(Defined Contributions Funds only)</b>		
4	We obtained a list of member individual accounts as reflected on the administrator's member records as at <i>&lt;insert period / year end&gt;</i> .	
4.1	We agreed the total closing balance on the list to the total of member's individual accounts reflected in the unaudited annual financial statements as at <i>[insert period end]</i> .	The closing balance on the list amounting to RXX <i>&lt;agreed/did not agree&gt;</i> to the total of individual members' accounts in the unaudited annual financial statements as at <i>[insert period end date of the fund]</i> . <i>[Provide details of exceptions]</i>
4.2	We selected a sample of the lesser of 25 or 10% of the number of members from the list of members as per 4.1 above and performed the following procedures for each member selected:	
4.2.1	We agreed the member and employer contributions received and allocated for each of the members selected as reflected on the administrator's system, to	The member and employer contributions received and allocated for the members selected as reflected on the administrator's system <i>&lt;agreed/did not</i>

	<b>Procedures</b>	<b>Findings</b>
	information supplied by the participating employers for those members selected, for a judgementally selected period of three months.	<i>agree</i> > to the information supplied by the participating employers for each of the three months selected. <b>[Provide details of months selected and exceptions]</b>
4.2.2	In respect of unitised investment products, we recalculated the conversion of the <b>selected contributions</b> at the unit price per the administration system on the dates that the contributions were invested and agreed the units recalculated to the administration system units for each of the selected members. We further inspected that the units were added to the existing units for that member.	The conversion of contributions into units <was/was not> correctly calculated and agreed/does not agree to the units on the administration system. The units <were/were not> correctly added to the members existing units. <b>[Provide details of exceptions]</b>
4.2.3	In respect of unitised investment products, we recalculated the <b>conversion of units at the end of the period</b> , at the period end unit price and agreed the amount of the <transaction/conversion> recorded in each member's record.	The conversion of the units <was/was not> correctly calculated and <agreed/did not agree> to the amount of the <transaction/conversion> recorded in each member's record on the member register. <b>[Provide details of exceptions]</b>
4.2.4	In respect of unitised investment products, we compared the <b>unit price as at the end of the financial period</b> to the unit prices on the administration system used to calculate each member's credits at period end.	The unit price <did/did not> agree to the unit prices on the administration system at period end. <b>[Provide details of exceptions]</b>
4.2.5	In respect of non-unitised investment products, we agreed the interim and/or final return allocated to each individual member's account on the administrator's records for the period under review to the return approved in accordance with a resolution of the Board of Trustees or the Rules of the fund.	The return allocated to each member's fund credit on the administrator's account <agreed/did not agree> to the return approved in accordance with a trustees' resolution or the Rules of the fund. <b>[Provide details of exceptions]</b>
4.3	We obtained a listing of members who switched investment portfolios during the period from the fund/administrator and selected a sample of the lesser of 25 or 10% of members who switched between investment portfolios during the period from the list.	
4.3.1	We inspected evidence that the portfolios had been switched in accordance with notification of the members' election.	The portfolios <were/were not> correctly switched and the correct amount <was/was not> switched in accordance with notification of the members' election. <b>[Provide details of exceptions]</b>

	<b>Procedures</b>	<b>Findings</b>
4.3.2	We inquired whether any fees were deducted, and if so, if these were approved by the Board of Trustees and/or were in terms of a service level agreement or client mandate and inspected evidence of the relevant approval.	Fees deducted <were/were not> approved by the Board of Trustees and were/were not in terms of a service level agreement or trustee mandate. <i>[Provide details of exceptions]</i>
4.4	For unitised investment products we obtained the Asset Liability Match Reconciliation from the administrator and performed the following procedures on the reconciliation:	
4.4.1	Agreed the investments per product on the reconciliation to the investment certificates.	The investments per product <agreed/did not agree> to the investment certificates.
4.4.2	Agreed the member individual accounts per product for that choice on the reconciliation to the administration system.	The member individual accounts per product <agreed/did not agree> to the administration system.
4.4.3	Recalculated the difference between the amounts in 4.4.1 and 4.4.2 and noted the mismatch.	The calculation of the mismatch <was correct/was not correct>. The total mismatch amounted to R.....
	<b><i>Accumulated funds (For Defined Benefit Funds only)</i></b>	
5.	We selected a sample of the lesser of 25 or 10% of the number of members from the list of members provided by the administrator and performed the following procedures for each member selected:	
5.1	We agreed the member and employer contributions received and allocated for each of the members selected as reflected on the administrator's system, to information supplied by the participating employers for those members selected, for a judgementally selected period of three months.	The member and employer contributions received and allocated for the members selected as reflected on the administrator's system <agreed/did not agree> to information supplied by the participating employers for each of the three months selected. <i>[Provide details of months selected and exceptions]</i>
	<b><i>Surplus Apportionment Scheme</i></b>	
6.	If a surplus apportionment scheme was approved by the Registrar in the current period, we selected a random sample of the lesser of 25 or 10% of number of members from the surplus schedules.	
6.1	We agreed the allocation of the fund surplus for the selected member to the individual allocation on the member records per the administration system.	The allocation of the fund surplus as per the surplus scheme <agreed/did not agree> to the individual allocation in the member records selected. <i>[Provide details of exceptions]</i>

	<b>Procedures</b>	<b>Findings</b>
	<b><i>Reserves</i></b>	
7	We obtained the analysis of the movements in the fund's reserve accounts from the unaudited annual financial statements and performed the following procedures:	
7.1	We agreed the movements in the fund's reserve accounts to the applicable rule in the authorised Rules of the fund.	The movements in fund's reserve accounts <were/were not> made in terms of the authorised Rules of the fund. <b><i>[Provide details of exceptions]</i></b>
	<b><i>Other assets, liabilities and guarantees</i></b>	
8	We obtained the list of housing loans granted to members by the fund in terms of section 19(5) of the Act as at <insert period end> and performed the following procedures:  We agreed the total loans on the above list to the corresponding account in the unaudited annual financial statements.	The total loans on the list <agreed/did not agree> to the corresponding account in the unaudited annual financial statements. <b><i>[Provide details of exceptions]</i></b>
8.1	From the above list, we selected a sample of the lesser of 25 or 10% of member's housing loans granted. We determined whether the selected housing loans were granted in terms of the requirements of section 19(5) of the Act:	The selected housing loans were/were not granted in terms of the requirements of section 19(5) of the Act <b><i>[Provide details of exceptions]</i></b>
8.1.1	Inspected evidence that the value of the loan provided does not exceed the amount permitted by the rules and the home loan agreement.	The loan value <exceeded/did not exceed> the permitted amount for each selected member. <b><i>[Provide details of exceptions]</i></b>
8.1.2	Inspected evidence that the loan has been granted as set out in Section 19(5).	The loan <is/is not> a valid loan. <b><i>[Provide details of exceptions]</i></b>
8.1.3	Inspected evidence that repayments are being made as per the loan agreement.	Repayments <are made/are not made> against the loan and <made/are not made> in accordance with the loan agreement. <b><i>[Provide details of exceptions]</i></b>
8.1.4	Inspected the interest charged on the outstanding loan and compared the rate used as to the prescribed rate.	The interest rate charged on the outstanding loan <compared/did not compare> to the prescribed rate. <b><i>[Provide details of exceptions]</i></b>
8.2	If the fund issued more than 100 loans or the total principal debt of all outstanding loans exceeded R500 000, we inquired whether the fund was registered as a credit	The fund <was/was not> registered as a credit provider under the NCA. (Or not applicable) <b><i>[Provide details of exceptions]</i></b>

	Procedures	Findings
	provider under the National Credit Act, 2005 (the NCA).	
8.3	We obtained the list of housing loan guarantees granted to members by the fund in terms of section 19(5) of the Act as at <i>&lt;insert period end&gt;</i> . We selected a sample of the lesser of 25 or 10% of housing loan guarantees from the list.	
8.4	For the sample selected, we compared the total for guarantees issued on behalf of the members to the total of individual members' records per the administration system as at <i>&lt;insert period end&gt;</i> , to determine whether the total guarantees issued for the sample selected exceeded the total member individual fund credits allowed in terms of the Act, the loan agreement and/or the Rules of the fund	The guarantees issued for the sample selected <i>&lt;did/did not&gt;</i> exceed the individual member's accounts allowed in terms of the Act, the loan agreement and/or the Rules of the fund. <i>[Provide details of exceptions]</i>
8.5	We obtained a list of other loans per the general ledger of the fund as at <i>&lt;insert period end&gt;</i> ] and inspected evidence that these loans were granted in terms of the requirements of section 19(5)B.	Other loans <i>&lt;were/were not&gt;</i> granted in terms of the requirements of section 19(5) B. <i>[Provide details of exceptions]</i>
<b>Statement of Changes in Net Assets and Funds</b>		
<b>9</b>	<b>Contributions</b>	
9.1	We selected a sample of the lesser of 25 or 10% of participating employers or paypoints (whichever is the lower) from a listing of participating employer/ pay-points supplied by the fund/administrator and for the following judgementally selected one month per paypoint/participating employer: <i>[month]</i> , and performed the following procedures:	
9.2	We agreed, in total, the contributions received by contributions receivable per remittance advice from the administrator/fund participating employer/pay-point to the cash received by the fund.	The contributions received by the administrator <i>&lt;agreed/did not agree&gt;</i> to the cash received by the fund. <i>[Provide details of exceptions]</i>
9.3	We inspected the bank statements, as appropriate, for the date on which the cash was received to determine whether the contributions were deposited with a registered bank in accordance with section 13A of the Act and whether late payment interest has been raised in terms of	Contributions <i>&lt;were/were not&gt;</i> deposited with a registered bank in accordance with section 13A of the Act and late payment interest <i>&lt;had/had not&gt;</i> been raised in terms of regulation 33 where applicable. <i>[Provide details of exceptions]</i>



	<b>Procedures</b>	<b>Findings</b>
	regulation 33, where applicable.	
9.4	We inspected the accounting records of the fund to determine whether amounts disclosed as arrear contributions at period-end have been paid to the fund within the prescribed time period subsequent to period-end to <insert date> in accordance with the requirements of section 13A of the Act.	Amounts disclosed as arrear contributions at period end <have/have not> been paid to the fund within the prescribed period in accordance with the requirements of section 13A of the Act. <i>[Provide details of exceptions]</i>
<b>10</b>	<b><i>Benefits</i></b>	
	We obtained a list from the administration system of lump sum benefits reflected as expenses in the fund's Statement of Changes in Net Assets and Funds for the period under review and performed the following procedures:	
10.1	We compared the list to the respective general ledger benefit expense accounts.	The list <agreed/did not agree> to the respective general ledger benefit expense accounts. <i>[Provide details of exceptions]</i>
10.2	We selected a sample of the lesser of 25 benefits or 10% of the total number of benefits from the list and performed the following procedures:	
10.2.1	We compared/agreed the claim benefit paid per selected member to the applicable, claim per administration system and other authorised supporting documentation.	The claim benefit paid <agreed/did not agree> to the applicable administration system and other authorised supporting documentation. <i>[Provide details of exceptions]</i>
10.2.2	For death benefits, where a portion of the benefit had been reinsured by the fund, we inspected a bank deposit or EFT credited for the recovery from the insurer, received by the fund.	The recovery from the insurer <was/was not> received by the fund; <i>[Provide details of exceptions]</i>
10.2.3	<i>[For a defined benefit fund &amp; hybrid funds with a DB underpin]</i> We re-performed the calculation of the benefit payment in accordance with the requirements of the rules of the fund and/or the Act.  <i>[For a defined contribution fund]</i> We agreed the opening fund credit for the member to the opening fund credit report and determined whether contributions were	<i>[For a defined benefit fund]</i> The calculation of the benefit payment <was/was not> in agreement with the requirements of the rules of the fund and/or the Act. <i>[Provide details of exceptions].</i>  <i>[For a defined contribution fund]</i> The opening fund credit for the member <agreed/did not agree> to the opening fund credit report and the contributions

	<b>Procedures</b>	<b>Findings</b>
	added every month until the date of exit. <i>[either by R amount or in case of unitised funds, by units]</i> We agreed the balance paid out to member to the fund credit report or administration system as at the date of exit.	<were/were not> added every month until the date of exit. We found that the balance paid out to member <agreed/did not agree> to the fund credit report or administration system as at date of exit. <b><i>[Provide details of exceptions]</i></b>
10.2.4	We inquired what authorisation is required for benefits paid and inspected evidence of such authorisation for payments selected.	The payments <agreed/did not agree> to relevant authorisation. <b><i>[Provide details of exceptions]</i></b>
	<b><i>Transfers</i></b>	
11	We obtained the list of section 14 transfers to and from the fund throughout the period ended <insert period end>. and selected a sample of the lesser of 25 or 10% of the number of transfers in and the lesser of 25 or 10% of the number of transfers out, and performed the following procedures:	
11.1	We agreed the above list of section 14 transfers to the corresponding account in the general ledger.	The list of section 14 transfers <agreed/did not agree> to the corresponding account in the general ledger. <b><i>[Provide details of exceptions]</i></b>
11.2	We agreed the section 14 transfers to and from the fund to the approved section 14 documentation received from the Registrar in respect of each transfer.	The section 14 transfers to and from the fund <agreed / did not agree> to the approved section 14 documentation received from the Registrar. <b><i>[Provide details of exceptions]</i></b>
11.3	We determined by inspection whether the transfers were received/paid within 60 days of approval and whether the growth and interest return had been allocated from the effective date of the transfer to the date of final settlement. (This should be done for all transfers that has been paid or received in the current period)	The transfers <were/were not> received /paid within 60 days of approval and growth and investment returns <were/were not> allocated from the effective date of transfer to the date of final settlement. <b><i>[Provide details of exceptions]</i></b>
12	In respect of unitised funds, we selected a sample of the lesser of 25 or 10% of the members transferred from other funds and recalculated the purchase of units for the amount received using the unit price per the administration system on the date of receipt. (Where units were purchased after date of receipt investment return was included from the date of receipt to the date of purchase)	The conversion of transfers from other funds <were/were not> correctly calculated and where units were purchased after date of receipt investment return <was/was not> added from date of receipt to date of purchase. <b><i>[Provide details of exceptions]</i></b>
	<b><i>Pensioners paid</i></b>	
13	We obtained a copy of the listing of pensioners from the administration system	

	<b>Procedures</b>	<b>Findings</b>
	and performed the following procedures:	
13.1	We agreed the total pensions paid for the period ended <insert date> to the corresponding account in the general ledger.	The total pensions paid <agreed/did not agree> to the corresponding account in the general ledger for the period ended <insert date>. <i>[Provide details of exceptions]</i>
13.2	We selected a sample of the lesser of 25 or 10 % of the number of pensioners from the above list and performed the following procedures:	
13.2.1	We inspected the pensioner increases for authorisation by the Board of Trustees or other relevant supporting documentation.	The pensioner increases <agreed/did not agree> to, authorisation by the Board of Trustees or other relevant supporting documentation. <i>[Provide details of exceptions]</i>
13.2.2	We inspected evidence obtained by the fund supporting the fact that the pensioners selected were still alive.	The evidence indicated that the pensioners selected <were/were no longer > alive. <i>[Provide details of exceptions]</i>
14	Where the fund has reinsured its pensioners with an insurer, we requested a written confirmation from the insurer reconciling from opening market value to closing market value and agreed the value of the policies to the general ledger accounts.	The written confirmation of the policies, <agreed/did not agree> to the fund's general ledger accounts. <i>[Provide details of exceptions]</i>
14.1	If the cash flows through the fund, we agreed the pensioner payment per the confirmation from the insurer to the pensions paid disclosed in the notes to the annual financial statements.	The pensions paid per the notes in the annual financial statements <agreed/did not agree> to the confirmation from the insurer.
	<b>General</b>	
15	We requested a written confirmation from the fund's insurer that fidelity insurance cover was in place throughout the financial period ended <insert period end>	We <obtained/did not obtain> a written confirmation from the fund's insurer that fidelity insurance cover was in place throughout the financial period ended <insert period end>
16	We inspected the most recent statutory valuation report accepted by the Registrar dated, <i>last valuation date of the fund</i> , to review the funding status of the fund per the report (whether the fund was under-funded or fully funded). For under-funded funds we determined whether a scheme, as required in terms of section 18 of Pension Fund Act in South Africa, has been implemented to remedy the shortfall.	In accordance with the valuation report, the fund <was/was not> under funded. A scheme has been has not been implemented to remedy the short-fall. <i>[Provide details of exceptions]</i>

	<b>Procedures</b>	<b>Findings</b>
	In the case where a fund is under funded we inspected the valuation for evidence that a scheme in terms of section 18 of the Pension funds Act was proposed. We inspected the Board of Trustees' management rep letter for evidence that the Board of Trustees managed the implementation of the scheme to fully fund the retirement fund.	

Because the above procedures do not constitute an audit, a review or other assurance engagement performed in accordance with *International Standards on Auditing*, *International Standards on Review Engagements* and the *International Standard on Assurance Engagements other than Audits or Reviews of Historical Financial Information* we do not express any assurance on the validity of the respective accounts and matters specified above and the Fund's compliance with the requirements of the Act. Had we performed additional procedures, or had we performed an audit a review, or other assurance engagement in respect of the relevant information, other matters might have come to our attention that would have been reported to you.

#### **Restriction on use and distribution**

Our report is solely for the purpose set out in the first paragraph of this report and for the information of the Registrar for regulatory purposes and accordingly may not be suitable for, or used for any other purpose, and is not to be distributed to, or used by any other parties. This report relates only to the respective accounts and matters specified above and do not extend to the annual financial statements of the Fund taken as a whole.

*<Name of audit firm / services firm/ partnership/ sole practitioner>*<sup>5</sup>

*<Name of Registered Auditor >*

**Registered Auditor**

*<Address>*

*<Date>*

<sup>5</sup> *<Italics>* Insert details if not on firm's letterhead.