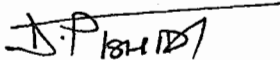


**BOARD NOTICE 64 OF 2008****FINANCIAL SERVICES BOARD****PENSION FUNDS ACT, 1956 (ACT NO. 24 OF 1956)****SCHEDULE I****REPORT OF THE INDEPENDENT AUDITORS RETIREMENT ANNUITY FUNDS, UMBRELLA FUNDS AND PRESERVATION FUNDS**

I, Dube Phineas Tshidi, Registrar of Pension Funds hereby, under regulation 12(2) of the Regulations made under the Pension Funds Act (24 of 1956), prescribe the following audit reports to be submitted in respect of Retirement Annuity Funds (**Appendix A**), Umbrella Funds (**Appendix B**) or Preservation Funds (**Appendix C**), by replacing the audit report currently contained in Schedule I of the prescribed financial statements set out in the relevant Annexures A to F in Board Notice 43 of 30 May 2006 with the relevant report.

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

## Appendix A

## RETIREMENT ANNUITY FUNDS

## REPORT OF THE INDEPENDENT AUDITORS OF [NAME OF FUND] TO THE REGISTRAR OF PENSION FUNDS ON FACTUAL FINDINGS

## Scope

We have performed the procedures agreed with you and enumerated below with respect to the accounting records of [insert name of the fund] for the [insert period end] as required by you in terms of section 15 of the Pension Funds Act of South Africa, (the Act). Our engagement was undertaken in accordance with the International Standard on Related Services (4400) Engagements to perform agreed-upon procedures regarding financial information. The responsibility for determining the adequacy or otherwise of the procedures agreed to be performed is that of the Registrar of Pension Funds.

## Procedures and Findings

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

|     | Procedures   | Findings  |
|-----|--|---|
| 1   | We selected a sample of the lesser of 50 or 10% of new applicants from the listing of new applicants and performed the following procedures:   |   |
| 1.1 | We inspected the application form and determined whether a valid policy/new entrant certificate was issued.  | A valid policy/new entrant certificate was/was not issued. [Provide details of exceptions]  |
| 1.2 | We determined whether the contributions per the policy/application form were received by the fund and we inspected the member records to determine whether they were updated accurately. | The contributions per the policy/application form were/were not received by the fund and the member records were/were not updated accurately. [Provide details of exceptions] |
| 1.3 | We determined by inspection whether the investment choices that the member made in terms of the policy contract were complied with.  | The investment choices that the member made were/were not complied with. [Provide details of exceptions]  |
| 2   | We obtained written confirmations of the investment balances and agreed details of the confirmations received to the investment balances reflected in the general ledger.                | The details of the confirmations received agreed/did not agree to the investment balances reflected in the general ledger. [Provide details of exceptions]                    |
| 3   | We obtained the list of housing loans granted to members by the fund in terms of section 19(5) of the Act by the fund as at [insert period end] and performed the following procedures:  |   |
| 3.1 | We agreed the loans on the above list to the corresponding account in the general ledger.  | The loans on the list agreed/did not agree to the corresponding account in the general  |

## RETIREMENT ANNUITY FUNDS

|     | Procedures  | Findings  |
|-----|---|---|
|     |   | ledger. <i>[Provide details of exceptions]</i> .  |
| 3.2 | From the above list, we selected a sample of the lesser of 50 or 10% of housing loans and determined whether the selected housing loans were granted in terms of the requirements of section 19(5) of the Act, in terms of the security provided and the interest rates applied to the loans.   | The housing loans selected were/were not granted in terms of the requirements of section 19(5) of the Act, in terms of the security provided and the interest rates applied to the loans. <i>[Provide details of exceptions]</i>                                    |
| 3.3 | If the fund issued more than 100 loans or the total principal debt of all outstanding loans exceeded R500 000, we determined whether the fund was registered as a credit provider under the National Credit Act, 2005 (the NCA) and whether an assurance report had been issued to the National Credit Regulator in terms of section 16(1)(b) of the NCA and regulations 67 and 68 to the NCA.  | The fund was/was not registered as a credit provider under the NCA and an assurance report was/was not issued to the National Credit Regulator in terms of section 16(1)(b) of the NCA and regulations 67 and 68 to the NCA. <i>[Provide details of exceptions]</i> |
| 4   | 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>[insert period end]</i> . We selected a sample of the lesser of 50 or 10% of housing guarantees from the list. For the sample selected, we compared the total for guarantees issued on behalf of the members to the total of member individual fund credits, to determine whether the total guarantees issued exceeded the total member individual fund credits allowed in terms of the Act and/or the rules of the fund.* | The total guarantees issued did/did not exceed the total member individual fund credits. <i>[Provide details of exceptions]</i>   |
| 5   | We obtained written confirmation from the fund's insurer that fidelity insurance cover was in place throughout the period ended <i>[insert period end date of the fund]</i> .   | Fidelity insurance cover was/was not in place throughout the period ended <i>[insert period end date of the fund]</i> . <i>[Provide details of exceptions]</i>  |
| 6   | We obtained the list of section 14 transfers to and from the fund throughout the period ended <i>[insert period end date of the fund]</i> , selected a sample of the lesser of 50 or 10% transfers in and the lesser of 50 or 10% transfers out, and performed the following procedures:  |   |

## RETIREMENT ANNUITY FUNDS

|       | Procedures  | Findings   |
|-------|---|--|
| 6.1   | We agreed the section 14 transfers to and from the fund to the approved section 14 documentation received from the Financial Services Board 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 Financial Services Board. <i>[Provide details of exceptions]</i>                                       |
| 6.2   | 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. <i>[Provide details of exceptions]</i>   |
| 6.3   | 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 date of receipt/payment.   | The transfers were/were not received/paid within 60 days of approval and growth and investment returns were/were not allocated from date of receipt/payment. <i>[Provide details of exceptions]</i>                                  |
| 6.4   | For the section 14 transfers in:  |  |
| 6.4.1 | We determined by inspection whether the investment choices made in terms of the member' applications were complied with.  | The investment choices made in terms of the member' applications were/were not complied with. <i>[Provide details of exceptions]</i>   |
| 6.4.2 | In respect of unitised funds, we selected a sample of the lesser of 50 or 10% of the members transferred 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 in was/was not correctly calculated and where units purchased after date of receipt investment return was/was not added from date of receipt to date of purchase. <i>[Provide details of exceptions]</i> |
| 6.4.3 | We selected a sample of Retirement Annuity Fund to Retirement Annuity Fund transfers and determined by inspection whether the requirements of section 14(7) were complied with.   | The requirements of section 14(7) were/were not complied with.   |
| 7     | We obtained a list of accumulated member credits as reflected on the administrator's member register as at <i>[insert period end date of the fund]</i> and performed the following procedures:  |  |
| 7.1   | We agreed the closing balance on the list to the corresponding account in the general ledger as at <i>[insert period end date of the fund]</i> .  | The closing balance on the list agreed/did not agree to the corresponding account in the general ledger as at <i>[insert period end date of the fund]</i> . <i>[Provide details of exceptions]</i>                                   |
| 7.2   | We selected a sample of the lesser of 50 or   |  |

## RETIREMENT ANNUITY FUNDS

|       | Procedures  | Findings  |
|-------|---|---|
|       | 10% of the members from the list and performed the following procedures:  |   |
| 7.2.1 | In respect of unitised investment products, we recalculated the conversion of units at the end of the period at the period end unit price and agreed the amount to the member's record on the member register.  | The conversion of the units was/was not correctly calculated and agreed/did not agree to the amount on the member's record on the member register. <i>[Provide details of exceptions]</i>   |
| 7.2.2 | In respect of unitised investment products, we agreed the period end unit price as authorised in terms of the rules of the fund to the unit prices on the administration system used to calculate the member credits.   | The unit price did/did not agree to the unit prices on the administration system. <i>[Provide details of exceptions]</i>  |
| 7.2.3 | In respect of non-unitised investment products, we agreed the return allocated to the member's fund credit on the administrator's records to the return approved in accordance with a resolution of the Board of Trustees or the rules of the fund  | The return allocated to the member's fund credit on the administrator's records agreed/did not agree to the return approved in accordance with a trustees' resolution or the rules of the fund. <i>[Provide details of exceptions]</i>                                    |
| 7.3   | We selected a sample of the lesser of 50 or 10% of members who switched between investment portfolios during the period and determined whether the portfolios were correctly switched and that the correct amount was switched in accordance with notification of the member's election. We inspected whether any fees deducted were approved by the Board of Trustees. | The portfolios were/were not correctly switched and the correct amount was/was not switched in accordance with notification of the member's election. Fees deducted were/were not approved by the Board of Trustees. <i>[Provide details of exceptions]</i>               |
| 7.4   | If a surplus apportionment scheme was approved by the FSB in the current period, we selected a sample of the lesser of 50 or 10% from the surplus schedules and we agreed the allocation of the fund surplus of the scheme to the individual allocation in the member records per the administration system.  | The allocation of the fund surplus of the scheme agreed/did not agree to the individual allocation in the member records per the administration system. <i>[Provide details of exceptions]</i>  |
| 7.5   | For unitised investment products where member portfolios are backed by specific portfolios, we agreed the values of investments specified by the members investment choice to the members liabilities per product for that choice and inspected the   | The values of investments specified by the members investment choice agreed/did not agree to the members liabilities per product for that choice and reconciling items amounting to <i>[insert amount]</i> were/were not accurate. <i>[Provide details of exceptions]</i> |

## RETIREMENT ANNUITY FUNDS

|       | Procedures   | Findings  |
|-------|--|---|
|       | accuracy of reconciling items.   |   |
| 8     | We inspected the most recent statutory valuation report to determine whether the fund was under-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> |
| 9     | We obtained a list of lump sum benefits reflected as expenses in the fund's Statement of Changes in Net Assets and Funds and performed the following procedures:   |   |
| 9.1   | We agreed 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>   |
| 9.2   | We selected a sample of the lesser of 50 benefits or 10% of the total benefit expenses from the list and performed the following procedures:   |   |
| 9.2.1 | We agreed the claim to the applicable, authorised supporting documentation.  | The claim agreed/did not agree to the applicable, authorised supporting documentation. <i>[Provide details of exceptions]</i>   |
| 9.2.2 | For death benefits, where a portion of the benefit was reinsured by the fund, we determined whether the recovery from the insurer was received by the fund.  | The recovery from the insurer was/was not received by the fund. <i>[Provide details of exceptions]</i>  |
| 9.2.3 | We agreed the calculation of the benefit payment to the requirements of the rules of the fund and /or the Act.   | The calculation of the benefit payment was/was not performed in accordance with the requirements of the rules of the fund and /or the Act. <i>[Provide details of exceptions]</i>       |
| 9.2.4 | We inspected whether the payments agreed to relevant authorisation.  | The payments agreed/did not agree to relevant authorisation. <i>[Provide details of exceptions]</i>   |
| 9.2.5 | For surrenders and lapses we determined by inspection and recalculation whether the appropriate % between 65% and 100% was retained for the member.  | The appropriate % between 65% and 100% of the benefit was/was not retained for the member. <i>[Provide details of exceptions]</i>   |
| 10    | We obtained a copy of the internal listing of pensioners paid by the fund and performed  |   |

## RETIREMENT ANNUITY FUNDS

|        | Procedures   | Findings   |
|--------|--|--|
|        | the following procedures:  |  |
| 10.1   | We agreed the total pensions paid to the corresponding account in the general ledger.  | The total pensions paid agreed/did not agree to the corresponding account in the general ledger. <i>[Provide details of exceptions]</i>  |
| 10.2   | We selected a sample of the lesser of 50 pensioners or 10 % of the balance of pensions paid from the above list and performed the following procedures:  |  |
| 10.2.1 | We agreed the pensioner increases to 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>  |
| 10.2.2 | We inspected evidence supporting the fact that the pensioners selected were still alive.   | The evidence indicated that the pensioners selected were/were not alive. <i>[Provide details of exceptions]</i>  |
| 11.    | Where the fund has reinsured its pensioners with an insurer, we obtained a written confirmation of the pensions paid from the insurer including asset and liability balances and agreed this to the fund's general ledger pension expense, asset and liability accounts. | The written confirmation of the pensions paid, including asset and liability balances, agreed/did not agree to the fund's general ledger pension expense, asset and liability accounts. <i>[Provide details of exceptions]</i> |
| 12     | We selected a sample of the lesser of 50 or 10% of new members and determined whether initial commissions were paid in terms of the rules of the fund, were limited to the LOA scale and that the member agreed to the initial commission.                               | Initial commissions were/were not paid in terms of the rules of the fund, were/were not limited to the LOA scale and the member agreed/ did not agree to the initial commission. <i>[Provide details of exceptions]</i>        |
| 13     | We selected a sample of the lesser of 50 or 10% of existing members and determine whether recurring commissions were paid in terms of the rules of the fund, were limited to the LOA scale and that the members agreed to the recurring commissions.                     | Recurring commissions were/were not paid in terms of the rules of the fund, were/were not limited to the LOA scale and the member agreed/ did not agree to the recurring commission. <i>[Provide details of exceptions]</i>    |

As 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, we do not express any assurance on the procedures performed. Had we performed additional procedures or had we performed an audit or review of the relevant information, other matters might have come to our attention that would have been reported to you.

Our report is solely for regulatory purposes and may not be distributed to, or relied on, by parties other than the Registrar of Pension Funds.

Name  
Registered Auditors  
Address  
Date

\* Due care should be paid to any other existing lien/encumbrance on the loan.

## Appendix B

## UMBRELLA FUNDS

## REPORT OF THE INDEPENDENT AUDITORS OF [NAME OF FUND] TO THE REGISTRAR OF PENSION FUNDS ON FACTUAL FINDINGS

## Scope

We have performed the procedures agreed with you and enumerated below with respect to the accounting records of *[insert name of the fund]* for the *[insert period end]* as required by you in terms of section 15 of the Pension Funds Act of South Africa, (the Act). Our engagement was undertaken in accordance with the International Standard on Related Services (4400) Engagements to perform agreed-upon procedures regarding financial information. The responsibility for determining the adequacy or otherwise of the procedures agreed to be performed is that of the Registrar of Pension Funds.

## Procedures and Findings

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

|     | Procedures   | Findings  |
|-----|--|---|
| 1   | We selected a sample of the lesser of 50 or 10% of members from the complete listing of participating employers in the umbrella fund and for the following three months: <i>[month1]</i> , <i>[month2]</i> and <i>[insert final month of the period]</i> , performed the following procedures:                     |   |
| 1.1 | We agreed, in total, the data received by the administrator to the cash received by the fund.  | The data received by the administrator agreed/did not agree to the cash received by the fund. <i>[Provide details of exceptions]</i>  |
| 1.2 | 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 regulation 33, where applicable. | Contributions were/were not deposited with a registered bank in accordance with section 13A of the Act and late payment interest had/had not been raised in terms of regulation 33 where applicable. <i>[Provide details of exceptions]</i> |
| 1.3 | 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 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 in accordance with the requirements of section 13A of the Act. <i>[Provide details of exceptions]</i>   |
| 2   | We inspected the list of investments held by the fund for any investments prohibited in terms of section 19 (4) of the Act.  | The fund holds/does not hold investments prohibited in terms of section 19(4) of the Act. <i>[Provide details of exceptions]</i> .  |
| 2.1 | Where investments held in the participating employer exceeded 5%, we inspected the appropriate Financial Services Board approval.  | The fund does/does not have the appropriate Financial Services Board approval. <i>[Provide details of exceptions]</i>   |
| 2.2 | We obtained written confirmations of investment balances and agreed details of the confirmations received to the investment  | The details of the confirmations received agreed/did not agree to the investment balances reflected in the general ledger.  |



## UMBRELLA FUNDS

|     |  |  |
|-----|--|--|
|     | balances reflected in the general ledger.  | [Provide details of exceptions]  |
| 3   | We obtained the list of housing loans granted to members by the fund in terms of section 19(5) of the Act by the fund as at [insert period end] and performed the following procedures:  |  |
| 3.1 | We determined by inspection whether both the general rules of the fund and the special rules of the participating employer allow for the granting of housing loans.  | Both the general rules of the fund and the special rules of the participating employer allow/do not allow for the granting of housing loans. [Provide details of exceptions]   |
| 3.2 | We agreed the loans on the above list to the corresponding account in the general ledger.  | The loans on the list agreed/did not agree to the corresponding account in the general ledger. [Provide details of exceptions].  |
| 3.3 | From the above list, we selected a sample of the lesser of 50 or 10% of housing loans and determined whether the selected housing loans were granted in terms of the requirements of section 19(5) of the Act, in terms of the security provided and the interest rates applied to the loans.  | The housing loans selected were/were not granted in terms of the requirements of section 19(5) of the Act, in terms of the security provided and the interest rates applied to the loans. [Provide details of exceptions]                                    |
| 3.4 | If the fund issued more than 100 loans or the total principal debt of all outstanding loans exceeded R500 000, we determined whether the fund was registered as a credit provider under the National Credit Act, 2005 (the NCA) and whether an assurance report had been issued to the National Credit Regulator in terms of section 16(1)(b) of the NCA and regulations 67 and 68 to the NCA.   | The fund was/was not registered as a credit provider under the NCA and an assurance report was/was not issued to the National Credit Regulator in terms of section 16(1)(b) of the NCA and regulations 67 and 68 to the NCA. [Provide details of exceptions] |
| 4   | 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 [insert period end]. We selected a sample of the lesser of 50 or 10% of housing guarantees from the list. For the sample selected, we compared the total for guarantees issued on behalf of the members to the total of member individual fund credits, to determine whether the total guarantees issued exceeded the total member individual fund credits allowed in terms of the Act and/or the rules of the fund. * | The total guarantees issued did/did not exceed the total member individual fund credits. [Provide details of exceptions]   |
| 5   | We obtained a list of other loans as at [insert period end] and determined whether these loans were granted in terms of the requirements of section 19(5)B of the Act.   | Other loans were/were not granted in terms of the requirements of section 19(5)B. [Provide details of exceptions]  |
| 6   | We obtained written confirmation from the fund's insurer that fidelity insurance cover was in place throughout the period ended [insert period end date of the fund.]  | Fidelity insurance cover was/was not in place throughout the period ended [insert period end date of the fund]. [Provide details of exceptions]  |

## UMBRELLA FUNDS

|       |   |   |
|-------|---|---|
| 7     | We obtained the list of section 14 transfers to and from the fund throughout the period ended [ <i>insert period end date of the fund</i> ], selected a sample of the lesser of 50 or 10% transfers in and the lesser of 50 or 10% transfers out, and performed the following procedures:   |   |
| 7.1   | We agreed the section 14 transfers to and from the fund to the approved section 14 documentation received from the Financial Services Board 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 Financial Services Board. [ <i>Provide details of exceptions</i> ]  |
| 7.2   | 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. [ <i>Provide details of exceptions</i> ]  |
| 7.3   | 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 date of receipt/payment.   | The transfers were/were not received/paid within 60 days of approval and growth and investment returns were/were not allocated from date of receipt/payment. [ <i>Provide details of exceptions</i> ]   |
| 7.4   | In respect of unitised funds, we selected a sample of the lesser of 50 or 10% of the members transferred 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 in was/was not correctly calculated and where units purchased after date of receipt investment return was/was not added from date of receipt to date of purchase. [ <i>Provide details of exceptions</i> ]                |
| 8     | We obtained a list of accumulated member credits as reflected on the administrator's member register as at [ <i>insert period end date of the fund</i> ] and performed the following procedures:  |   |
| 8.1   | We agreed the closing balance on the list to the corresponding account in the annual financial statements as at [ <i>insert period end date of the fund</i> ].  | The closing balance on the list agreed/did not agree to the corresponding account in the annual financial statements as at [ <i>insert period end date of the fund</i> ]. [ <i>Provide details of exceptions</i> ]                                    |
| 8.2   | We selected a sample of the lesser of 50 or 10% of the members from the list and performed the following procedures:  |   |
| 8.2.1 | We agreed the member and employer contributions received for the selected members per the administrator's system to information supplied by the participating employers for a sample of 3 months.   | The member and employer contributions received for the selected member per the administrator's system agreed/did not agree to information supplied by the participating employers for the 3 months selected. [ <i>Provide details of exceptions</i> ] |
| 8.2.2 | In respect of unitised investment products, we recalculated the conversion of the selected contributions at the unit price per the  | The conversion of contributions into units was/was not correctly calculated and was/was not correctly added to the members  |

## UMBRELLA FUNDS

|       |   |   |
|-------|---|---|
|       | administration system on the dates that the contributions were invested and determined whether these units were correctly calculated and added to the existing units for the full period.   | existing units. <i>[Provide details of exceptions]</i>  |
| 8.2.3 | In respect of unitised investment products, we recalculated the conversion of units at the end of the period at the period end unit price and agreed the amount to the member's record on the member register.  | The conversion of the units was/was not correctly calculated and agreed/did not agree to the amount on the member's record on the member register. <i>[Provide details of exceptions]</i>   |
| 8.2.4 | In respect of unitised investment products, we agreed the period end unit price as authorised in terms of the rules of the fund to the unit prices on the administration system used to calculate the member credits.   | The unit price did/did not agree to the unit prices on the administration system. <i>[Provide details of exceptions]</i>  |
| 8.2.5 | In respect of non-unitised investment products, we agreed the return allocated to the member's fund credit on the administrator's records to the return approved in accordance with a resolution of the Board of Trustees or the general rules/special rules of the fund  | The return allocated to the member's fund credit on the administrator's records agreed/did not agree to the return approved in accordance with a trustees' resolution or the general/special rules of the fund. <i>[Provide details of exceptions]</i>                    |
| 8.3   | We selected a sample of the lesser of 50 or 10% of members who switched between investment portfolios during the period and determined whether the portfolios were correctly switched and that the correct amount was switched in accordance with notification of the member's election. We inspected whether any fees deducted were approved by the Board of Trustees. | The portfolios were/were not correctly switched and the correct amount was/was not switched in accordance with notification of the member's election. Fees deducted were/were not approved by the Board of Trustees. <i>[Provide details of exceptions]</i>               |
| 8.4   | If a surplus apportionment scheme was approved by the FSB in the current period, we selected a sample of the lesser of 50 or 10% from the surplus schedules and we agreed the allocation of the fund surplus of the scheme to the individual allocation in the member records per the administration system.  | The allocation of the fund surplus of the scheme agreed/did not agree to the individual allocation in the member records per the administration system. <i>[Provide details of exceptions]</i>  |
| 8.5   | For unitised investment products where member portfolios are backed by specific portfolios, we agreed the values of investments specified by the members investment choice to the members liabilities per product for that choice and inspected the accuracy of reconciling items.  | The values of investments specified by the members investment choice agreed/did not agree to the members liabilities per product for that choice and reconciling items amounting to <i>[insert amount]</i> were/were not accurate. <i>[Provide details of exceptions]</i> |
| 9     | We inspected the most recent statutory valuation report to determine whether the fund was under-funded. For under-funded funds we determined whether a scheme, as required in terms of section 18 of Pension  | 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>   |

## UMBRELLA FUNDS

|        |  |   |
|--------|--|---|
|        | Fund Act in South Africa, has been implemented to remedy the shortfall.  |   |
| 10     | We obtained the analysis of the movements in the fund's reserve accounts from the financial statements and performed the following procedures:   |   |
| 10.1   | We agreed the opening balance to the prior period financial statements.  | The opening balance agreed/did not agree to the prior period financial statements. <i>[Provide details of exceptions]</i>   |
| 10.2   | We inspected the rules of the fund to determine whether the movements in the fund's reserve accounts were in terms of the rules of the fund and the Act.   | The movements in fund's reserve accounts were/were not in terms of the rules of the fund. <i>[Provide details of exceptions]</i>  |
| 11     | We obtained a list of lump sum benefits reflected as expenses in the fund's Statement of Changes in Net Assets and Funds and performed the following procedures:   |   |
| 11.1   | We agreed 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>   |
| 11.2   | We selected a sample of the lesser of 50 benefits or 10% of the total benefit expenses from the list and performed the following procedures:   |   |
| 11.2.1 | We agreed the claim to the applicable, authorised supporting documentation.  | The claim agreed/did not agree to the applicable, authorised supporting documentation. <i>[Provide details of exceptions]</i>   |
| 11.2.2 | For death benefits, where a portion of the benefit was reinsured by the fund, we determined whether the recovery from the insurer was received or accrued for by the fund.   | The recovery from the insurer was/was not received or accrued for by the fund; <i>[Provide details of exceptions]</i>   |
| 11.2.3 | <i>[For a defined benefit fund]</i> We agreed that the calculation of the benefit payment to the requirements of the rules of the fund and/or the Act.<br><br><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 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. | <i>[For a defined benefit fund]</i> The calculation of the benefit payment agreed/did not agree to the requirements of the rules of the fund and/or the Act. <i>[Provide details of exceptions]</i> .<br><br><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 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. <i>[Provide details of exceptions]</i> |
| 11.2.4 | We inspected whether the payments agreed to relevant authorisation.  | The payments agreed/did not agree to relevant authorisation. <i>[Provide details of exceptions]</i>   |

## UMBRELLA FUNDS

|        |  |  |
|--------|--|--|
| 12     | We obtained a copy of the listing of pensioners and performed the following procedures:  |  |
| 12.1   | We agreed the total pensions paid to the corresponding account in the general ledger.  | The total pensions paid agreed/did not agree to the corresponding account in the general ledger. <i>[Provide details of exceptions]</i>  |
| 12.2   | We selected a sample of the lesser of 50 or 10 % of pensions paid from the above list and performed the following procedures:  |  |
| 12.2.1 | We agreed the pensioner increases to 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>  |
|        | We agreed the pensioner increases to 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>  |
| 12.2.2 | We inspected evidence supporting the fact that the pensioners selected were still alive.   | The evidence indicated that the pensioners selected were/were not alive. <i>[Provide details of exceptions]</i>  |
| 13     | Where the fund has reinsured its pensioners with an insurer, we obtained a written confirmation of the pensions paid from the insurer including asset and liability balances and agreed this to the fund's general ledger pension expense, asset and liability accounts. | The written confirmation of the pensions paid, including asset and liability balances, agreed/did not agree to the fund's general ledger pension expense, asset and liability accounts. <i>[Provide details of exceptions]</i> |
| 14     | We selected a sample of the lesser of 50 or 10% of new participating employers and determined whether initial commissions were paid in terms of the rules of the fund, were limited to the LOA scale.  | Initial commissions were/were not paid in terms of the rules of the fund, were/were not limited to the LOA scale. <i>[Provide details of exceptions]</i>   |
| 15     | We selected a sample of the lesser of 50 or 10% of existing participating employers and determine whether recurring commissions were paid in terms of the rules of the fund, were limited to the LOA scale.  | Recurring commissions were/were not paid in terms of the rules of the fund, were/were not limited to the LOA. <i>[Provide details of exceptions]</i>   |

As 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, we do not express any assurance on the procedures performed. Had we performed additional procedures or had we performed an audit or review of the relevant information, other matters might have come to our attention that would have been reported to you.

Our report is solely for regulatory purposes and may not be distributed to, or relied on, by parties other than the Registrar of Pension Funds.

Name  
Registered Auditors  
Address  
Date

**PRESERVATION FUNDS****REPORT OF THE INDEPENDENT AUDITORS OF [NAME OF FUND] TO THE REGISTRAR OF PENSION FUNDS ON FACTUAL FINDINGS****Scope**

We have performed the procedures agreed with you and enumerated below with respect to the accounting records of *[insert name of the fund]* for the *[insert period end]* as required by you in terms of section 15 of the Pension Funds Act of South Africa, (the Act). Our engagement was undertaken in accordance with the International Standard on Related Services (4400) Engagements to perform agreed-upon procedures regarding financial information. The responsibility for determining the adequacy or otherwise of the procedures agreed to be performed is that of the Registrar of Pension Funds.

**Procedures and Findings**

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

|     | <b>Procedures</b>  | <b>Findings</b>  |
|-----|--|--|
| 1   | We selected a sample of the lesser of 50 or 10% of new applicants from the listing of new applicants and performed the following procedures:   |  |
| 1.1 | We inspected the application form and determined whether a valid policy/new entrant certificate was issued.  | A valid policy/new entrant certificate was/was not issued. <i>[Provide details of exceptions]</i>  |
| 1.2 | We determined whether the contributions per the policy/application form were received by the fund and we inspected the member records to determine whether they were updated accurately. | The contributions per the policy/application form were/were not received by the fund and the member records were/were not updated accurately. <i>[Provide details of exceptions]</i> |
| 1.3 | We determined by inspection whether the investment choices that the member made in terms of the policy contract were complied with.  | The investment choices that the member made were/were not complied with. <i>[Provide details of exceptions]</i>  |
| 2   | We selected a sample of the lesser of 50 or 10% of unclaimed benefits transferred and performed the following procedures:  |  |
| 2.1 | We determined whether the transfer value was received by the fund and we inspected the member records to determine whether they were updated accurately.                                 | The transfer value was/was not received by the fund and the member records were/were not updated accurately. <i>[Provide details of exceptions]</i>                                  |
| 2.2 | We determined by inspection whether the criteria stipulated by the Registrar were complied with.   | The criteria stipulated by the Registrar were/were not complied with. <i>[Provide details of exceptions]</i>   |
| 3   | We obtained written confirmations of   | The details of the confirmations received  |

## PRESERVATION FUNDS

|     |   |   |
|-----|---|---|
|     | investment balances and agreed details of the confirmations received to the investment balances reflected in the general ledger.  | agreed/did not agree to the investment balances reflected in the general ledger. <i>[Provide details of exceptions]</i>   |
| 4   | We obtained the list of housing loans granted to members by the fund in terms of section 19(5) of the Act by the fund as at <i>[insert period end]</i> and performed the following procedures:  |   |
| 4.2 | We agreed the loans on the above list to the corresponding account in the general ledger.   | The loans on the list agreed/did not agree to the corresponding account in the general ledger. <i>[Provide details of exceptions]</i> .   |
| 4.3 | From the above list, we selected a sample of the lesser of 50 or 10% of housing loans and determined whether the selected housing loans were granted in terms of the requirements of section 19(5) of the Act, in terms of the security provided and the interest rates applied to the loans.   | The housing loans selected were/were not granted in terms of the requirements of section 19(5) of the Act, in terms of the security provided and the interest rates applied to the loans. <i>[Provide details of exceptions]</i>                                    |
| 4.4 | If the fund issued more than 100 loans or the total principal debt of all outstanding loans exceeded R500 000, we determined whether the fund was registered as a credit provider under the National Credit Act, 2005 (the NCA) and whether an assurance report had been issued to the National Credit Regulator in terms of section 16(1)(b) of the NCA and regulations 67 and 68 to the NCA.  | The fund was/was not registered as a credit provider under the NCA and an assurance report was/was not issued to the National Credit Regulator in terms of section 16(1)(b) of the NCA and regulations 67 and 68 to the NCA. <i>[Provide details of exceptions]</i> |
| 5   | 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>[insert period end]</i> . We selected a sample of the lesser of 50 or 10% of housing guarantees from the list. For the sample selected, we compared the total for guarantees issued on behalf of the members to the total of member individual fund credits, to determine whether the total guarantees issued exceeded the total member individual fund credits allowed in terms of the Act and/or the rules of the fund.* | The total guarantees issued did/did not exceed the total member individual fund credits. <i>[Provide details of exceptions]</i>   |
| 6   | We obtained written confirmation from the fund's insurer that fidelity insurance cover was in place throughout the period ended   | Fidelity insurance cover was/was not in place throughout the period ended <i>[insert period end date of the fund]</i> . <i>[Provide</i>   |

## PRESERVATION FUNDS

|       | <i>[insert period end date of the fund.]</i>  | <i>details of exceptions]</i>  |
|-------|---|--|
| 7     | We obtained the list of section 14 transfers to and from the fund throughout the period ended <i>[insert period end date of the fund]</i> , selected a sample of the lesser of 50 or 10% transfers in and the lesser of 50 or 10% transfers out, and performed the following procedures:  |  |
| 7.1   | We agreed the section 14 transfers to and from the fund to the approved section 14 documentation received from the Financial Services Board 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 Financial Services Board. <i>[Provide details of exceptions]</i>                                       |
| 7.2   | 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. <i>[Provide details of exceptions]</i>   |
| 7.3   | 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 date of receipt/payment.   | The transfers were/were not received/paid within 60 days of approval and growth and investment returns were/were not allocated from date of receipt/payment. <i>[Provide details of exceptions]</i>                                  |
| 7.4   | For the section 14 transfers in:  |  |
| 7.4.1 | We inspected that, where member records were flagged for any withdrawals, these records were flagged on the system and no further withdrawals were made.  | For member records that were flagged for any withdrawals, these records were/were not flagged on the system and further/ no further withdrawals were made. <i>[Provide details of exceptions]</i>                                    |
| 7.4.2 | We determined by inspection whether the investment choices made in terms of the member' applications were complied with.  | The investment choices made in terms of the member' applications were/were not complied with. <i>[Provide details of exceptions]</i>   |
| 7.4.3 | In respect of unitised funds, we selected a sample of the lesser of 50 or 10% of the members transferred 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 in was/was not correctly calculated and where units purchased after date of receipt investment return was/was not added from date of receipt to date of purchase. <i>[Provide details of exceptions]</i> |
| 8     | We obtained a list of accumulated member credits as reflected on the administrator's  |  |



## PRESERVATION FUNDS

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|       | member register as at <i>[insert period end date of the fund]</i> and performed the following procedures:   |   |
| 8.1   | We agreed the closing balance on the list to the corresponding account in the general ledger as at <i>[insert period end date of the fund]</i> .  | The closing balance on the list agreed/did not agree to the corresponding account in the general ledger as at <i>[insert period end date of the fund]</i> . <i>[Provide details of exceptions]</i>  |
| 8.2   | We selected a sample of the lesser of 50 or 10% of the members from the list and performed the following procedures:  |   |
| 8.2.1 | In respect of unitised investment products, we recalculated the conversion of units at the end of the period at the period end unit price and agreed the amount to the member's record on the member register.  | The conversion of the units was/was not correctly calculated and agreed/did not agree to the amount on the member's record on the member register. <i>[Provide details of exceptions]</i>   |
| 8.2.2 | In respect of unitised investment products, we agreed the period end unit price as authorised in terms of the rules of the fund to the unit prices on the administration system used to calculate the member credits.   | The unit price did/did not agree to the unit prices on the administration system. <i>[Provide details of exceptions]</i>  |
| 8.2.3 | In respect of non-unitised investment products, we agreed the return allocated to the member's fund credit on the administrator's records to the return approved in accordance with a resolution of the Board of Trustees or the rules of the fund  | The return allocated to the member's fund credit on the administrator's records agreed/did not agree to the return approved in accordance with a trustees' resolution or the rules of the fund. <i>[Provide details of exceptions]</i>                      |
| 8.3   | We selected a sample of the lesser of 50 or 10% of members who switched between investment portfolios during the period and determined whether the portfolios were correctly switched and that the correct amount was switched in accordance with notification of the member's election. We inspected whether any fees deducted were approved by the Board of Trustees. | The portfolios were/were not correctly switched and the correct amount was/was not switched in accordance with notification of the member's election. Fees deducted were/were not approved by the Board of Trustees. <i>[Provide details of exceptions]</i> |
| 8.4   | If a surplus apportionment scheme was approved by the FSB in the current period, we selected a sample of the lesser of 50 or 10% from the surplus schedules and agreed the allocation of the fund surplus of the scheme to the individual allocation in the   | The allocation of the fund surplus of the scheme agreed/did not agree to the individual allocation in the member records per the administration system. <i>[Provide details of exceptions]</i>  |

## PRESERVATION FUNDS

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|        | member records per the administration system.  |   |
| 8.5    | For unitised investment products where member portfolios are backed by specific portfolios, we agreed the values of investments specified by the members investment choice to the members liabilities per product for that choice and inspected the accuracy of reconciling items.   | The values of investments specified by the members investment choice agreed/did not agree to the members liabilities per product for that choice and reconciling items amounting to <i>[insert amount]</i> were/were not accurate. <i>[Provide details of exceptions]</i> |
| 9      | We inspected the most recent statutory valuation report to determine whether the fund was under-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>   |
| 10     | We obtained the analysis of the movements in the fund's reserve accounts from the financial statements and performed the following procedures:   |   |
| 10.1   | We agreed the opening balance to the prior period financial statements.  | The opening balance agreed/did not agree to the prior period financial statements. <i>[Provide details of exceptions]</i> .   |
| 10.2   | We inspected the rules of the fund to determine whether the movements in the fund's reserve accounts were in terms of the rules of the fund and the Act.   | The movements in fund's reserve accounts were/were not in terms of the rules of the fund. <i>[Provide details of exceptions]</i> .  |
| 11     | We obtained a list of lump sum benefits reflected as expenses in the fund's Statement of Changes in Net Assets and Funds and performed the following procedures:   |   |
| 11.1   | We agreed 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>   |
| 11.2   | We selected a sample of the lesser of 50 benefits or 10% of the total benefit expenses from the list and performed the following procedures:   |   |
| 11.2.1 | We agreed the claim to the applicable, authorised supporting documentation.  | The claim agreed/did not agree to the applicable, authorised supporting documentation. <i>[Provide details of exceptions]</i>   |

## PRESERVATION FUNDS

|        |   |   |
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|        |   | <i>exceptions]</i>  |
| 11.2.2 | For death benefits, where a portion of the benefit was reinsured by the fund, we determined whether the recovery from the insurer was received by the fund.   | The recovery from the insurer was/was not received by the fund; <i>[Provide details of exceptions]</i>  |
| 11.2.3 | We agreed the calculation of the benefit payment to the requirements of the rules of the fund and/or the Act.   | The calculation of the benefit payment was/was not performed in accordance with the requirements of the rules of the fund and/or the Act. <i>[Provide details of exceptions]</i>  |
| 11.2.4 | We inspected whether the payments agreed to relevant authorisation.   | The payments agreed/did not agree to relevant authorisation. <i>[Provide details of exceptions]</i>   |
| 12     | We selected a sample of the lesser of 50 or 10% of withdrawals from member accounts prior to retirement age and determined whether only one withdrawal was made and that the member record was updated for the reduction in service, the reduction in benefit and appropriately flagged as having received the one withdrawal.. | For withdrawals from member accounts prior to retirement age only/more than one withdrawal was made and the member records were/were not updated. <i>[Provide details of exceptions]</i>                                    |
| 13     | We selected a sample of the lesser of 50 or 10% of new members and determined whether initial commissions were paid in terms of the rules of the fund, were limited to the LOA scale and that the member agreed to the initial commission.  | Initial commissions were/were not paid in terms of the rules of the fund, were/were not limited to the LOA scale and the member agreed/ did not agree to the initial commission. <i>[Provide details of exceptions]</i>     |
| 14     | We selected a sample of the lesser of 50 or 10% of existing members and determine whether recurring commissions were paid in terms of the rules of the fund, were limited to the LOA scale and that the members agreed to the recurring commissions.  | Recurring commissions were/were not paid in terms of the rules of the fund, were/were not limited to the LOA scale and the member agreed/ did not agree to the recurring commission. <i>[Provide details of exceptions]</i> |

As 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, we do not express any assurance on the procedures performed. Had we performed additional procedures or had we performed an audit or review of the relevant information, other matters might have come to our attention that would have been reported to you.

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Name  
Registered Auditors