

The Head: Financial Surveillance Department  
South African Reserve Bank  
PO Box 3125  
Pretoria  
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Dear Sir

**INDEPENDENT [AUDITOR'S/AUDITORS']<sup>1</sup> REPORT TO THE FINANCIAL SURVEILLANCE DEPARTMENT AT THE SOUTH AFRICAN RESERVE BANK (THE "SARB") ON THE MACRO-PRUDENTIAL FOREIGN EXPOSURE LIMIT RETURN OF [NAME OF AUTHORISED DEALER] (THE "AUTHORISED DEALER") IN TERMS OF THE CURRENCY AND EXCHANGES MANUAL<sup>2</sup> FOR AUTHORISED DEALERS AND THE MACRO-PRUDENTIAL EXPOSURE LIMIT RETURN OVERARCHING PRINCIPLES (THE "MANUAL")**

The respective Reports A and B, attached to this report, are made for the purpose of our compliance with the reporting requirements of Section B.2(l)(xiii) of the Manual in relation to the Macro-Prudential Foreign Exposure Limit Return (the "return") submitted to the SARB by the Authorised Dealer, for the year ended [*insert year-end date*].

**Directors' responsibility for the return**

The directors are responsible for ensuring the Authorised Dealer's compliance with the provisions of the Manual, which includes the preparation and submission of the return to the SARB, for the year ended [*insert year-end date*], in accordance with the provisions set out in the Manual; and for such internal control as the directors determine is necessary to enable the preparation of a return that is free from material misstatement, whether due to fraud or error.

**[Auditor's/Auditors' (*delete as appropriate*)] responsibility**

Our responsibility is to issue our reports under Section B.2 (l) (xiii) of the Manual in respect of the return submitted to the SARB by the Authorised Dealer which are set out in Report A and Report B attached to this report that express our review conclusion and limited assurance conclusion on the respective line items of the return based on review, and other assurance engagements, performed in accordance with International Standard on Review Engagements ("ISRE") 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, and International Standard on Assurance Engagements ("ISAE") 3000 (Revised), *Assurance Engagements other than Audits or Reviews of Historical Financial Information* ("ISAE 3000 (Revised)"), as applicable.

We completed our audit of the financial statements contained in the statutory financial statements of the Authorised Dealer for the financial year ended [*insert year-end date*], on which we issued an unmodified opinion [*adjust as applicable*] on [*insert date auditors' report was signed*]. Our audit of the financial statements was performed in accordance with the International Standards on Auditing.

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<sup>1</sup> Use the plural form when more than one firm is appointed as auditor, for example, in joint audit situations. Apply consistently throughout the report.

<sup>2</sup> The Manual and references thereto in our report should be read in conjunction with the Macro-prudential Exposure Limit Return Overarching Principles available at <https://www.resbank.co.za/RegulationAndSupervision/FinancialSurveillanceAndExchangeControl/PrudentiaReturns/Pages/default.aspx>.

In forming our review conclusion and limited assurance conclusion contained in the respective Report A and Report B, we have, where appropriate, drawn on evidence obtained in the course of our audit of the financial statements and performed such additional year-end procedures we considered necessary to complete our examination of the return of the Authorised Dealer submitted to the SARB for the year ended [*insert year-end date*].

## **Conclusions**

Our respective review conclusion and limited assurance conclusion are expressed in the respective individual Report A and Report B attached. We have [*initialled/stamped*] the return referred to in our reports for identification purposes.

## **Basis of preparation of the return and restriction on use and distribution**

The return was prepared by the directors of the Authorised Dealer on the basis indicated in the director's responsibility paragraph of the respective Report A and Report B for the purpose of the Authorised Dealer's compliance with the Manual, and reporting thereon to the SARB. As a result, this return may not be suitable for another purpose.

Our report is intended solely for the purpose of our compliance with Section B.2 (I) (xiii) of the Manual and for no other purpose. It should not be distributed to or used by any other parties other than the SARB and the [*directors, board, sub-committee chairpersons, management, regulatory reporting*] of the Authorised Dealer.

Should you wish to discuss the contents of our respective Reports A and B in any further detail, please contact [*Regulatory Partner's/s' Name/s and telephone numbers*].

Yours faithfully,

[*Auditor's signature*]

[*Name of individual registered auditor*]

[*Capacity, if not a sole practitioner,*

*e.g. Director/Partner*]

Registered Auditor

[*Date of auditor's report*]

[*Auditor's address*]

[*Auditor's signature*]

[*Name of individual registered auditor*]

[*Capacity, if not a sole practitioner,*

*e.g. Director/Partner*]

Registered Auditor

[*Date of auditor's report*]

[*Auditor's address*]

**REPORT A: INDEPENDENT [AUDITOR'S/AUDITORS' (DELETE AS APPROPRIATE)] REVIEW  
REPORT ON THE MACRO-PRUDENTIAL FOREIGN EXPOSURE LIMIT RETURN**

**Independent [auditor's/auditors' (delete as appropriate)] review report on the year-end Macro-Prudential Foreign Exposure Limit Return**

We have reviewed the following lines on the year-end Macro-Prudential Foreign Exposure Limit Return of the Authorised Dealer submitted to the SARB for the year ended [*insert year-end date*]: lines 1, 2, 2a, 2b, 2c, 2d, 2e, 2f, 2i, 3, 4, 4a, 4b, 4c, 5, 6, 7, 7b and 8 (the "Report A line items") for the purpose of complying with Section B.2 (I) (xiii) of the Manual.

**Directors' responsibility for the Report A line items**

The directors are responsible for ensuring the Authorised Dealer's compliance with the provisions of the Manual, which includes the preparation and submission of the Report A line items to the SARB, for the year ended [*insert year-end date*], in accordance with the provisions set out in the Manual; and for such internal control as the directors determine is necessary to enable the preparation of the Report A line items that are free from material misstatement, whether due to fraud or error.

**[Auditor's/Auditors' (delete as appropriate)] responsibility for the Report A line items**

Our responsibility is to report on the Report A line items in accordance with Section B.2 (I) (xiii) of the Manual and to express a conclusion on those line items based on our review. We conducted our review in accordance with International Standard on Review Engagements ("ISRE") 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, which applies to a review of historical financial information performed by the independent auditor of the entity.

ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the Report A line items are not prepared, in all material respects, in accordance with the provisions specified in the Manual. This standard also requires us to comply with relevant ethical requirements.

A review of the Report A line items in accordance with ISRE 2410 is a limited assurance engagement. A review includes performing procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures; and evaluating the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on the Report A line items.

**IF A QUALIFIED CONCLUSION IS EXPRESSED, ADD THE FOLLOWING:**

**Basis for Qualified Conclusion**

Our basis for qualification has been noted in Appendix A<sup>3</sup>, attached to this report, as item(s) XX relating to [state the relevant line item(s) affected].

**Qualified Conclusion**

Based on our review, except for the effect(s) of the matter(s) described in the preceding paragraph, nothing has come to our attention that causes us to believe that the Report A line items of the Authorised Dealer for the year ended [insert year-end date] are not prepared, in all material respects, in accordance with the provisions specified in the Manual.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the Report A line items of the Authorised Dealer for the year ended [insert year-end date] are not prepared, in all material respects, in accordance with the provisions specified in the Manual.

**IF THERE ARE OTHER MATTER ITEMS, THEN ADD THE FOLLOWING:**

**Other matter(s) – matter(s) exceeding SARB reporting thresholds**

The terms of the engagement for our review of the Report A line items address, among others, the application of materiality. We draw your attention to the matter(s) exceeding the SARB reporting threshold noted as item(s) XXX on the attached Appendix A that affects the Report A line item(s), but which do(es) not have a material effect on the preparation of the Report A line items in accordance with the Manual for the year ended [insert year-end date]. Our conclusion is not [include “further” if conclusion is qualified] modified in respect of this/these matter/matters.

**Basis of preparation of the Report A line items and restriction on use and distribution**

Without [include “further” if conclusion is qualified] modifying our conclusion, we emphasise that the Report A line items of the Authorised Dealer were prepared for the purpose of reporting to the SARB. As a result, the Report A line items may not be suitable for another purpose.

Our report is intended solely for the purpose of our compliance with Section B.2 (I) (xiii) of the Manual and for no other purpose. It should not be distributed to or used by any parties other than the SARB and the [directors, board, sub-committee chairpersons, management, regulatory reporting] of the Authorised Dealer.

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<sup>3</sup> “Appendix A” is usually attached to the reports and it documents all matters noted by the auditor/auditors, including the qualification matters. Refer to the requirements of ISA 705 (Revised), *Modifications to the opinion in the independent auditor’s report*, for guidance regarding the documentation of the qualification matters.

## REPORT B: LIMITED ASSURANCE REPORT ON MACRO-PRUDENTIAL FOREIGN EXPOSURE LIMIT RETURN

### Independent [auditor's/auditors' (*delete as appropriate*)] limited assurance report on the year-end Macro-Prudential Foreign Exposure Limit Return

We have undertaken a limited assurance engagement on the following information contained in the year-end Macro-Prudential Foreign Exposure Limit Return of the Authorised Dealer, submitted to the SARB for the year ended [*insert year-end date*]: lines 2g, 2h, 7a, 9, 10, 11, 12, 13, 14 and 15 (the "Report B line items"), for the purpose of complying with Section B.2 (l) (xiii) of the Manual.

### Directors' responsibility for the Report B line items

The directors are responsible for ensuring the Authorised Dealer's compliance with the provisions of the Manual, which includes the preparation and submission of the Report B line items to the SARB, for the year ended [*insert year-end date*], in accordance with the provisions set out in the Manual; and for such internal control as the directors determine is necessary to enable the preparation of the Report B line items that are free from material misstatement, whether due to fraud or error.

### Our independence and quality control

#### **For auditor's reports issued before 15 June 2019** [Delete block if not applicable.]

We have complied with the independence and other ethical requirements of the *Code of Professional Conduct for Registered Auditors*, issued by the Independent Regulatory Board for Auditors (IRBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (Parts A and B).

#### **For auditor's reports issued on or after 15 June 2019 in respect of assurance engagements for periods beginning before or on 14 June 2019<sup>4</sup>** [Delete block if not applicable.]

We have complied with the independence and other ethical requirements of Sections 290 and 291 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised January 2018)* and parts 1 and 3 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised November 2018)* (together the IRBA Codes), which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* respectively.

<sup>4</sup> The wording in this section of the illustrative report is principled on the wording used in the Basis for Opinion sections of the illustrative reports in the South African Auditing Practice Statement (SAAPS) 3, *Illustrative Reports* (Revised 2019).

**For assurance engagements for periods beginning on or after 15 June 2019** [Delete block if not applicable.]

We have complied with the independence and other ethical requirements of the *Code of Professional Conduct for Registered Auditors*, issued by the Independent Regulatory Board for Auditors (IRBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*.

The [firm applies/firms apply] International Standard on Quality Control 1 (ISQC 1), *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and, accordingly [maintains/maintain] a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**[Auditor's/Auditors' (delete as appropriate)] responsibility for the Report B line items**

Our responsibility is to report on the Report B line items in accordance with Section B.2(l)(xiii) of the Manual and to express a limited assurance conclusion on those lines, based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements ("ISAE") 3000 (Revised), *Assurance Engagements other than Audits or Reviews of Historical Financial Information* ("ISAE 3000 (Revised)"). That standard requires that we plan and perform our engagement to obtain limited assurance about whether anything has come to our attention that would cause us to believe that the information contained in the Report B line items is not prepared, in all material respects, in accordance with the provisions specified in the Manual.

A limited assurance engagement undertaken in accordance with ISAE 3000 (Revised) involves assessing the suitability in the circumstances of the Authorised Dealer's use of the provisions set out in the Manual as the basis for the preparation of the Report B line items; assessing the risks of material misstatement of the Report B line items, whether due to fraud or error; responding to the assessed risks, as necessary in the circumstances; and evaluating the overall presentation of the Report B line items. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

The procedures we performed were based on our professional judgement and included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

**Summary of work performed**

Our work performed included:

- Making inquiries primarily of persons responsible for financial and accounting matters, risk management and the Report B line items, and applying analytical procedures;

- Inspecting evidence to support the completeness and accuracy of information extracted from the management systems and other information of the Authorised Dealer to the return; and
- Re-performing calculations of information reflected in the relevant lines of the return, and extracted from the management systems; and where the information differed from the accounting policies applied in the management accounts and statutory financial statements, ascertaining that the amounts reflected in the above return had been classified or calculated on the basis required by the Manual.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion on whether the information contained in the Report B line items has been prepared, in all material respects, in accordance with the provisions specified in the Manual.

**IF A QUALIFIED LIMITED ASSURANCE CONCLUSION IS EXPRESSED, ADD THE FOLLOWING:**

**Basis for Qualified Limited Assurance Conclusion**

Our basis for qualification has been noted in Appendix A<sup>5</sup>, attached to this report, as item(s) XX relating to [state the relevant line item(s) affected].

**Qualified Limited Assurance Conclusion**

Based on the procedures we have performed and the evidence we have obtained, except for the effect(s) of the matter(s) described in the preceding paragraph, nothing has come to our attention that causes us to believe that the information contained in the Report B line items of the Authorised Dealer, for the year ended [insert year-end date], is not prepared, in all material respects, in accordance with the provisions specified in the Manual.

**Limited assurance conclusion**

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the information contained in the Report B line items of the Authorised Dealer, for the year ended [insert year-end date], is not prepared, in all material respects, in accordance with the provisions specified in the Manual.

**IF THERE ARE OTHER MATTER ITEMS, THEN ADD THE FOLOWING:**

**Other matter(s) – matter(s) exceeding SARB reporting thresholds**

The terms of the engagement for our limited assurance conclusion of the Report B line items address, among others, the application of materiality. We draw your attention to the matter(s) exceeding the SARB reporting threshold noted as item(s) XXX on the attached Appendix A that

<sup>5</sup> “Appendix A” is usually attached to the reports and it documents all matters noted by the auditor/auditors, including the qualification matters. Refer to the requirements of ISA 705 (Revised), *Modifications to the opinion in the independent auditor's report*, for guidance regarding the documentation of the qualification matters.

affects the Report B line items, but which do(es) not have a material effect on the preparation of the Report B line items in accordance with the Manual. Our conclusion is not [*include “further” if conclusion is qualified*] modified in respect of this/these matter/matters.

#### **Other information<sup>6</sup>**

The directors are responsible for the other information. The other information comprises all lines in the return not referred to in our conclusion paragraph above as well as the information covered by Report A, and does not include the Report B line items and our [*auditor’s/auditors’ (delete as appropriate)*] report thereon.

Our conclusion on the Report B line items does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our limited assurance engagement of the Report B line items, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Report B line items or our knowledge obtained in the limited assurance engagement, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we have considered the options available under ISAE 3000 (Revised) and determined that we will report the inconsistency through the inclusion of this paragraph. [*Where there are inconsistencies that are reported in Parts A to B, a cross reference should be made to where those are reported.*]

#### **Basis of preparation of the Report B line items and restriction on use and distribution**

Without [*include “further” if conclusion is qualified*] modifying our conclusion, we emphasise that the Report B line items of the Authorised Dealer were prepared for the purpose of reporting to the SARB. As a result, the Report B line items may not be suitable for another purpose.

Our report is intended solely for the purpose of our compliance with Section B.2 (I) (xiii) of the Manual and for no other purpose. It should not be distributed to or used by any parties other than the SARB and the [*directors, board, sub-committee chairpersons, management, regulatory reporting*] of the Authorised Dealer.

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<sup>6</sup> Although other information is always required to be considered under ISAE 3000 (Revised), there are several ways in which the auditor can respond to it. The inclusion of the other information paragraph is one of the options catered for within ISAE 3000 (Revised). The auditor should use his/her professional judgement as to whether this paragraph is necessary for inclusion, depending on how the auditor addresses the requirements of this standard under paragraphs 62 and A143.