

Updated in March 2022

Effective Date: Engagements where the terms of engagement have been agreed on or after 1 January 2022.

Note that this illustrative report is a template and changes may be made hereto to the extent required, provided they are consistent with the standard and terms of the engagement. Where substantive changes are made to the illustrative report, firms should consider their own internal policies and procedures to ensure compliance with reporting requirements.

Note that the illustrative report was updated for the following:

- Conforming and consequential amendments to the IAASB's International Standards arising from the IAASB's Quality Management Standards.
  - Effective date:
    - a) Audits and reviews of financial statements for periods beginning on or after 15 December 2022; and
    - b) Other assurance and related services engagements beginning on or after 15 December 2022.
- The International Standard on Related Services (ISRS) 4400 (Revised), Agreed-Upon Procedures Engagements.
  - Effective date:
    - a) For agreed-upon procedures engagements for which the terms of engagement are agreed on or after 1 January 2022.

The Chief Executive Officer  
Prudential Authority  
South African Reserve Bank  
PO Box 8432  
Pretoria  
0001

Dear Sir

**REPORT OF THE INDEPENDENT [AUDITOR'S/AUDITORS', DELETE AS APPROPRIATE]<sup>1</sup> TO THE PRUDENTIAL AUTHORITY (THE "PA") ON THE BA 610 STATUTORY RETURNS OF [NAME OF (BANK/BRANCH)] IN TERMS OF THE BANKS ACT NO. 94 OF 1990 (THE "ACT") AND THE REGULATIONS RELATING TO BANKS (THE "REGULATIONS")**

The respective Parts A to F reports, attached to this report, are made for the purpose of our compliance with the reporting requirements of Regulations 46(1), 46(2)(a), 46(2)(b) and 46(8) of the

---

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

Regulations in relation to the relevant statutory returns (the “returns”) submitted to the PA by the *[Bank/Branch, delete as appropriate]* during the year ended *[insert the year-end date]*.

### ***[Directors’/Branch Executive Management’s, delete as appropriate]*<sup>2</sup> Responsibility for the Returns**

The *[directors/branch executive management, delete as appropriate]* are/is responsible for ensuring the *[Bank’s/Branch’s, delete as appropriate]* compliance with the provisions of the Act and the Regulations, including the preparation and submission of the relevant statutory financial statements and the returns to the PA, during the year ended *[insert the year-end date]*; and for such internal control as the *[directors/branch executive management, delete as appropriate]* determine(s) is necessary, to enable the preparation of the returns that are 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 Regulations 46(1), 46(2)(a), 46(2)(b) and 46(8) of the Regulations in respect of the returns submitted to the PA by the *[Bank/Branch, delete as appropriate]*, which are set out in Parts A to F, attached to this report, that express our audit opinion, review conclusion, limited assurance conclusions; to perform certain agreed-upon procedures on the respective returns, based on our audit, review, limited assurance and agreed-upon procedures engagements performed in accordance with International Standards on Auditing (“ISAs”), International Standards on Review Engagements (“ISREs”), International Standards on Assurance Engagements (“ISAEs”) and International Standards on Related Services (“ISRSs”), as applicable; and to report on such additional matters as required by the PA and as set out in the respective Parts A to F reports.

*[We completed our audit of the statutory financial statements of the [Bank/Branch, delete as appropriate] for the financial year ended [insert the year-end date], on which we issued an unmodified opinion [adjust as applicable] on [insert the date the auditor’s/auditors’ report was signed].<sup>3</sup> Our audit of the financial statements was performed in accordance with ISAs.]*

---

<sup>2</sup> Use “directors” or “branch executive management” consistently throughout the report.

<sup>3</sup> Tailor as applicable, depending on the financial statements issued per the relevant statutory reporting requirements of the reporting entity. The statutory financial statements should be appropriately identified, based on the manner in which the entities report. Where no financial statements are prepared, refer to another source of information, such as the special purpose financial information used.

OR

*[The audit of the statutory financial statements of the [Bank/Branch, delete as appropriate] for the financial year ended [insert the year-end date] has been completed, on which an independent auditor from [Specify the Firm and country entity that performed the engagement, e.g. the ABC London Plc Firm or XYZ Swaziland Firm, etc.] issued an unmodified opinion [adjust as applicable] on [insert the date the auditor's/auditors' report was signed].<sup>4</sup> This audit of the financial statements was performed in accordance with ISAs and the independent auditor complied with [include a country-specific] code]<sup>5</sup>.*

In forming our audit opinion, review conclusion, limited assurance conclusions and reporting our findings contained in the respective Parts A to F reports, we have, where appropriate, drawn on evidence obtained in the course of *[our/the]<sup>6</sup>* audit of the statutory financial statements of the *[Bank/Branch, delete as appropriate]* and have performed such additional year-end procedures that we considered necessary to complete our examination of the returns of the *[Bank/Branch, delete as appropriate]* submitted to the PA during the year ended on *[insert the year-end date]*.

### **Opinion, Conclusions and Findings**

Our respective audit opinion, review conclusion, limited assurance conclusions and findings from our agreed-upon procedures are expressed in the individual Parts A to F of our reports as attached. We have *[initialled/stamped]* the relevant return<sup>7</sup> referred to in our reports for identification purposes.

### **Basis of Preparation of the Returns and Restriction on Use and Distribution**

The returns were prepared by the *[directors/branch executive management, delete as appropriate]* of the *[Bank/Branch, delete as appropriate]* on the basis indicated in the respective Parts A to F reports, for the purpose of the *[Bank's/Branch's, delete as appropriate]* compliance with the relevant requirements of the Act and the Regulations, and reporting thereon to the PA. As a result, these returns may not be suitable for another purpose.

Our report is intended solely for the purpose of our compliance with the Regulations and for no other purpose. It should not be distributed to or used by any other parties other than the PA and the *[directors/branch executive management, board, sub-committee chairpersons, management, regulatory reporting management, delete as appropriate]* of the *[Bank/Branch, delete as appropriate]*.

Should you wish to discuss the contents of the respective Parts A to F reports in any further detail, please contact *[Name(s) of the Partner(s) and telephone number(s)]*.

Yours faithfully,

---

<sup>4</sup> Tailor as applicable, depending on the financial statements issued per the relevant statutory reporting requirements of the reporting entity. The statutory financial statements should be appropriately identified, based on the manner in which the entities report. Where no financial statements are prepared, refer to another source of information, such as the special purpose financial information used.

<sup>5</sup> The second paragraph may be used in instances where the legal entity responsible for the Regulatory reports is different from the legal entity responsible for the Statutory Financial Statements.

<sup>6</sup> Refer to footnote 5, while ensuring consistency of reporting.

<sup>7</sup> Only the year-end return is stamped or initialled, therefore the singular form is used.

---

*[Auditor's Signature]*  
*[Name of the individual registered auditor]*  
*[Capacity, if not a sole practitioner: e.g. Director or Partner]*  
*Registered Auditor*  
*[Date of the auditor's report]*  
*[Auditor's address]*

---

*[Auditor's Signature]*  
*[Name of the individual registered auditor]*  
*[Capacity, if not a sole practitioner: e.g. Director or Partner]*  
*Registered Auditor*  
*[Date of the auditor's report]*  
*[Auditor's address]*

**PART A: INDEPENDENT [AUDITOR’S/AUDITORS’, DELETE AS APPROPRIATE] REPORT ON THE YEAR-END BA 610 RETURN**

**Opinion**

We have audited the year-end BA 610 return, as specified by the Prudential Authority in Directive XX of YYYY<sup>8</sup>, as the Part A Lines of the [Bank/Branch, delete as appropriate] submitted to the PA for [insert the year-end date] (the “Part A Lines”), for the purpose of complying with Regulations 46(1) and 46(2)(a).

In our opinion, the Part A Lines of the [Bank/Branch, delete as appropriate] for [insert the year-end date] are prepared, in all material respects, in accordance with the provisions specified in Regulation 46(2)(a).

**IF A QUALIFIED OPINION IS EXPRESSED, REPLACE THE ABOVE TWO PARAGRAPHS WITH THE FOLLOWING:**

**Qualified Opinion**

We have audited the year-end BA 610 return, as specified by the Prudential Authority in Directive XX of YYYY<sup>9</sup>, as the Part A Lines of the [Bank/Branch, delete as appropriate] submitted to the PA for (insert the year-end date) (the “Part A Lines”), for the purpose of complying with Regulations 46(1) and 46(2)(a).

In our opinion, except for the effects of the matter(s) described in the *Basis for Qualified Opinion* paragraph below, the Part A Lines of the [Bank/Branch, delete as appropriate] for [insert the year-end date] are prepared, in all material respects, in accordance with the provisions specified in Regulation 46(2)(a).

**IF A QUALIFIED OPINION IS EXPRESSED, ALSO ADD THE FOLLOWING:**

**Basis for Qualified Opinion**

Our basis for qualification has been noted in Appendix A<sup>10</sup>, attached to this report, as item XX relating to [state the relevant section/lines of the BA 610 return].

Then continue with: “We conducted our audit ...”, as noted below.

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (“ISAs”). Our responsibilities under those standards are further described in the [Auditor’s/Auditors’, delete as appropriate] *Responsibilities for the Audit of the Part A Lines* section of our report. We are independent of the [Bank/Branch, delete as appropriate], in accordance with the Independent

<sup>8</sup> The auditor should update this reference based on the Directive in force and applicable to the reporting engagement.

<sup>9</sup> The auditor should update this reference based on the Directive in force and applicable to the reporting engagement.

<sup>10</sup> “Appendix A” is usually attached to the reports and it documents all matters noted by the auditor(s), including the qualification matters. Refer to the requirements of ISA 705 (Revised), *Modifications to the opinion in the independent auditor’s report*, to ensure that the documentation of the qualification matters complies with that standard.

Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* ("IRBA Code") and other independence requirements applicable to performing audits of the BA return in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. 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)*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our [qualified]<sup>11</sup> opinion.

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

**Other Matter – Matter(s) Exceeding the PA Reporting Threshold**

The terms of the engagement for our audit of the Part A Lines address, among others, the application of materiality. In this regard, we draw your attention to the matter(s) exceeding the PA reporting threshold noted as item(s) XXX of the attached Appendix A that affects/affect the Part A Lines but which does/do not have a material effect on the preparation of the Part A Lines in accordance with Regulation 46(2)(a). Our conclusion is not [further]<sup>12</sup> modified in respect of [this/these matter(s)].

**Other Matter – Interpretive Matter(s)**

We draw your attention to the interpretive matter(s) noted as item(s) XXX of the attached Appendix A that affects/affect the Part A Lines in accordance with Regulation 46(2)(a). Our conclusion is not [further]<sup>13</sup> modified in respect of [this/these matter(s)].

**Emphasis of Matter<sup>14</sup> – Basis of Preparation of the Part A Lines and Restriction on Use and Distribution**

The Part A Lines of the [Bank/Branch, delete as appropriate] were prepared for the purpose of the [Bank's/Branch's, delete as appropriate] compliance with the relevant requirements of the Act and the Regulations, and reporting thereon to the PA. As a result, the Part A Lines may not be suitable for another purpose. Our opinion is not [further]<sup>15</sup> modified in respect of this matter.

Our report is intended solely for the purpose of our compliance with the Regulations and for no other purpose. It should not be distributed to or used by any other parties other than the PA and the [directors/branch executive management, board, sub-committee chairpersons, management, regulatory reporting management, delete as appropriate] of the [Bank/Branch, delete as appropriate].

**Other Information**

The [directors/branch executive management, delete as appropriate] are/is responsible for the other information. The other information comprises all lines and columns in the return not referred to in our opinion paragraph above, as well as the information covered by Parts B to H reports and does not include the Part A Lines and our [auditor's/auditors', delete as appropriate] report thereon.

---

<sup>11</sup> To be included in the case of a qualified opinion.

<sup>12</sup> To be included in the case of a qualified opinion.

<sup>13</sup> To be included in the case of a qualified opinion.

<sup>14</sup> The Part A section of the BA return should include a disclosure/explanation on the basis of preparation.

<sup>15</sup> To be included in the case of a qualified opinion.

Our opinion on the Part A Lines 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 audit of the Part A Lines, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Part A Lines or our knowledge obtained in the audit, 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 are required to report that fact. *[We have nothing to report in this regard OR Where there are inconsistencies that are reported in Parts B to H<sup>16</sup>, a cross-reference should be made to where those are reported (amend as appropriate)].*

### **Responsibilities of the *[Directors/Branch Executive Management, delete as appropriate]* for the Part A Lines**

The *[directors/branch executive management, delete as appropriate]* are/is responsible for ensuring the *[Bank's/Branch's, delete as appropriate]* compliance with the provisions of the Act and the Regulations, which includes the preparation and submission of the Part A Lines to the PA, for *[insert the year-end date]*, in accordance with the provisions set out in Regulation 46(2)(a), and for such internal control as the *[directors/branch executive management, delete as appropriate]* determine(s) is necessary to enable the preparation of the Part A Lines that are free from material misstatement, whether due to fraud or error.

In preparing the Part A Lines, the *[directors/branch executive management, delete as appropriate]* are/is responsible for assessing the *[Bank's/Branch's, delete as appropriate]* ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting, unless the *[directors/branch executive management, delete as appropriate]* either intend(s) to liquidate the *[Bank/Branch, delete as appropriate]* or cease operations, or have/has no realistic alternative but to do so.

### ***[Auditor's/Auditors', delete as appropriate]* Responsibilities for the Audit of the Part A Lines**

Our objectives, in accordance with Regulation 46(1), are to obtain reasonable assurance about whether the Part A Lines as a whole are free from material misstatement, whether due to fraud or error, and to issue an *[auditor's/auditors', delete as appropriate]* report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users, taken on the basis of these Part A Lines.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Part A Lines, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error,

---

<sup>16</sup> This paragraph must remain for the Part A section; however, it can be removed from Part C or D, where deemed appropriate to do so by the auditor/auditors.

as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the *[Bank's/Branch's, delete as appropriate]* internal control.
- Conclude on the appropriateness of the *[directors'/branch executive management's, delete as appropriate]* use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the *[Bank's/Branch's, delete as appropriate]* ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our *[auditor's/auditors', delete as appropriate]* report to the related disclosures in the Part A Lines or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our *[auditor's/auditors', delete as appropriate]* report. However, future events or conditions may cause the *[Bank/Branch, delete as appropriate]* to cease to continue as a going concern.
- Evaluate the appropriateness of the accounting policies used and the reasonableness of accounting estimates and related disclosures made by the *[directors/branch executive management, delete as appropriate]*.
- [Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the *[Bank/Branch, delete as appropriate]* to express an opinion on the Part A Lines. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion<sup>17</sup>].

We communicate with the *[directors/branch executive management, delete as appropriate]* regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

[We also provide the *[directors/branch executive management, delete as appropriate]* with a statement that we have complied with relevant ethical requirements regarding independence, and communicated with them all the relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.<sup>18</sup>]

---

<sup>17</sup> This bullet point is applicable if there is an aggregation process in arriving on the foreign subsidiary or branch's special purpose financial information; or if ISA 600 is followed. Where there is no such aggregation process, this bullet point should be removed.

<sup>18</sup> This paragraph is to be included when the entity being reported on is a listed entity, irrespective of the exchange it is listed on.



**PART B: [INDEPENDENT [AUDITOR'S/AUDITORS', DELETE AS APPROPRIATE] REVIEW REPORT ON THE YEAR-END BA 610 RETURN OR REVIEW REPORT ON THE YEAR-END BA 610 RETURN<sup>19</sup>**

We have reviewed the year-end BA 610 return, as specified by the Prudential Authority in Directive XX of YYYY<sup>20</sup>, as the Part B Lines of the *[Bank/Branch, delete as appropriate]* submitted to the PA for *[insert the year-end date]* (the "Part B Lines"), for the purpose of complying with Regulations 46(1) and 46(2)(a).

***[Directors'/Branch Executive Management's, delete as appropriate]* Responsibility for the Part B Lines**

The *[directors/branch executive management, delete as appropriate]* are/is responsible for ensuring the *[Bank's/Branch's, delete as appropriate]* compliance with the provisions of the Act and the Regulations, which includes the preparation and submission of the Part B Lines to the PA for *[insert the year-end date]*, in accordance with the provisions set out in Regulation 46(2)(a); and for such internal control as the *[directors/branch executive management, delete as appropriate]* determine(s) is necessary to enable the preparation of the Part B Lines that are free from material misstatement, whether due to fraud or error.

***[Auditor's/Auditors', delete as appropriate]* Responsibility**

Our responsibility is to report on the Part B Lines in accordance with Regulation 46(1) and express a conclusion on those lines, based on our review. We conducted our review in accordance with the International Standard on Review Engagements ("ISRE") *[(2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity) OR (2400 (Revised), Engagements to Review Historical Financial Statements), select the appropriate standard]*, which applies to a review of historical financial information *[performed by the independent [auditor/auditors, delete as appropriate] of the entity, remove the statement if done under ISRE 2400]*.

ISRE *[2410/2400, select the appropriate standard]* requires us to conclude whether anything has come to our attention that causes us to believe that the Part B Lines are not prepared, in all material respects, in accordance with the provisions specified in Regulation 46(2)(a). That standard also requires us to comply with relevant ethical requirements.

A review of the Part B Lines, in accordance with ISRE *[2410/2400, select the appropriate standard]* is a limited assurance engagement. A review includes performing procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate; applying analytical procedures; and evaluating the evidence obtained.

---

<sup>19</sup> Refer to footnote 5. In ensuring consistency of reporting, the auditor responsible for the review conclusion should consider whether the reporting is performed under ISRE 2410 or ISRE 2400 and update accordingly.

<sup>20</sup> The auditor should update this reference based on the Directive in force and applicable to the reporting engagement.

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 these Part B Lines.

## **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the Part B Lines of the *[Bank/Branch, delete as appropriate]* for *[insert the year-end date]* are not prepared, in all material respects, in accordance with the provisions specified in Regulation 46(2)(a).

**IF A QUALIFIED CONCLUSION IS EXPRESSED, REPLACE THE ABOVE CONCLUSION WITH THE FOLLOWING:**

**Basis for Qualified Conclusion**

Our basis for qualification has been noted in Appendix A<sup>21</sup>, attached to this report, as item(s) XX relating to *[state the relevant section/lines of the BA 610 return]*.

**Qualified Conclusion**

Based on our review, except for the effect(s) of the matter(s) described in the Basis for Qualified Conclusion paragraph above, nothing has come to our attention that causes us to believe that the Part B Lines of the *[Bank/Branch, delete as appropriate]* for *[insert the year-end date]* are not prepared, in all material respects, in accordance with the provisions specified in Regulation 46(2)(a).

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

**Other Matter – Matter(s) Exceeding the PA Reporting Threshold**

The terms of the engagement for our review of the Part B Lines address, among others, the application of materiality. In this regard, we draw your attention to the matter(s) exceeding the PA reporting threshold, noted as item(s) XXX of the attached Appendix A, that affects/affect the Part B Lines but which does/do not have a material effect on the preparation of the Part B Lines in accordance with Regulation 46(2)(a). Our conclusion is not *[further]*<sup>22</sup> modified in respect of *[this/these matter(s)]*.

**Other Matter – Interpretive Matter(s)**

We draw your attention to the interpretive matter(s) noted as item(s) XXX of the attached Appendix A that affects/affect the Part B Lines in accordance with Regulation 46(2)(a). Our conclusion is not *[further]*<sup>23</sup> modified in respect of *[this/these matter(s)]*.

<sup>21</sup> “Appendix A” is usually attached to the reports and it documents all matters noted by the auditor(s), including the qualification matters. Refer to the requirements of ISA 705 (*Revised*), *Modifications to the opinion in the independent auditor’s report*, to ensure that the documentation of the qualification matters complies with that standard.

<sup>22</sup> To be included in the case of a qualified conclusion.

<sup>23</sup> To be included in the case of a qualified conclusion.

### **Other Information**

The *[directors/branch executive management, delete as appropriate]* are/is responsible for the other information. The other information comprises all lines and columns in the returns not referred to in our limited assurance conclusion paragraph above, as well as the information covered by Parts A and C to H reports and does not include the Part B Lines and our conclusion thereon.

Our conclusion on the Part B Lines 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 Part B Lines, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Part B Lines 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 are required to report that fact. *[We have nothing to report in this regard OR Where there are inconsistencies that are reported in Parts A and C to H, a cross-reference should be made to where those are reported (amend as appropriate).]*

### **Basis of Preparation of the Part B Lines and Restriction on Use and Distribution<sup>24</sup>**

Without *[further]*<sup>25</sup> modifying our conclusion, we emphasise that the Part B Lines of the *[Bank/Branch, delete as appropriate]* were prepared for the purpose of reporting to the PA. As a result, the Part B Lines may not be suitable for another purpose.

Our report is intended solely for the purpose of our compliance with the Regulations and for no other purpose. It should not be distributed to or used by any other parties other than the PA and the *[directors/branch executive management, board, sub-committee chairpersons, management, regulatory reporting management, delete as appropriate]* of the *[Bank/Branch, delete as appropriate]*.

---

<sup>24</sup> Note: Contrary to the Part A report, there is no requirement to include “Emphasis of matter” before the title of this paragraph.

<sup>25</sup> To be included in the case of a qualified conclusion.

**PART C: INDEPENDENT [AUDITOR'S/AUDITORS', DELETE AS APPROPRIATE] LIMITED ASSURANCE REPORT ON RISK LINES OF THE BA 610 RETURN AT YEAR-END**

We have undertaken a limited assurance engagement on the non-modelled information contained in the year-end BA 610 return, as specified by the Prudential Authority in Directive XX of YYYY<sup>26</sup>, as the Part C Lines of the *[Bank/Branch, delete as appropriate]*, based on the Standardised, Internal Ratings or other regulatory model-based approaches, as approved or accepted by the PA and submitted to the PA for *[insert the year-end date]* (the "Part C Lines"), for the purpose of complying with Regulations 46(1) and 46(2)(a).

***[Directors/Branch Executive Management's, delete as appropriate]* Responsibility for the Part C Lines**

The *[directors/branch executive management, delete as appropriate]* are/is responsible for ensuring the *[Bank's/Branch's, delete as appropriate]* compliance with the provisions of the Act and the Regulations, which includes the preparation and submission of the Part C Lines to the PA, for *[insert the year-end date]*, in accordance with the provisions set out in Regulation 46(2)(a); and for such internal control as the *[directors/branch executive management, delete as appropriate]* determine(s) is necessary to enable the preparation of the Part C Lines that are free from material misstatement, whether due to fraud or error.

**[For engagements beginning before 15 December 2022] *[Delete this block, if not applicable]***

**Our Independence and Quality Control**

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, *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.

<sup>26</sup> The auditor should update this reference based on the Directive in force and applicable to the reporting engagement.

**[For engagements beginning on or after 15 December 2022]** *[Delete this block if not applicable]*

### **Our Independence and Quality Management**

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 Management 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, which requires the [firm/firms] to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### ***[Auditor’s/Auditors’, delete as appropriate]* Responsibility**

Our responsibility is to report on the Part C Lines in accordance with Regulation 46(1) and 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 Part C Lines is not prepared, in all material respects, in accordance with the provisions specified in Regulation 46(2)(a).

A limited assurance engagement undertaken in accordance with ISAE 3000 (Revised) involves assessing the suitability in the circumstances of the *[Bank's/Branch's, delete as appropriate]* use of the provisions set out in Regulation 46(2)(a) as the basis for the preparation of the Part C Lines; assessing the risks of material misstatement of the Part C Lines, whether due to fraud or error; responding to the assessed risks, as necessary in the circumstances; and evaluating the overall presentation of the Part C Lines. 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 the Part C Lines 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 regulatory return, and applying analytical procedures;
- Inspecting evidence to support the completeness and accuracy of information extracted from the management and other information systems of the *[Bank/Branch, delete as appropriate]* to the return; and
- Re-performing calculations of information contained in the Part C Lines, based on risk weightings or other requirements of non-modelled approaches and extracted from management systems; and where the information differed from the accounting policies applied in the management accounts and the statutory financial statements of the *[Bank/Branch, delete as appropriate]*, ascertaining that the amounts contained in the Part C Lines had been classified or calculated on the basis required by the relevant Regulations.

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 Part C Lines has been prepared, in all material respects, in accordance with the provisions specified in Regulation 46(2)(a).

### **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 non-modelled information contained in the Part C Lines of the *[Bank/Branch, delete as appropriate]* for *[insert the year-end date]*, based on the Standardised, Internal Ratings or other

regulatory model-based approaches specified, is not prepared, in all material respects, in accordance with the provisions specified in Regulation 46(2)(a).

**IF A QUALIFIED LIMITED ASSURANCE CONCLUSION IS EXPRESSED, THEN REPLACE THE ABOVE PARAGRAPH WITH THE FOLLOWING TWO:**

**Basis for Qualified Limited Assurance Conclusion**

Our basis for qualification has been noted in Appendix A<sup>27</sup>, attached to this report, as item(s) XX relating to *[state the relevant sections/lines of the BA 610 return]*.

**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 Basis for Qualified Limited Assurance Conclusion paragraph in the Part C report above, nothing has come to our attention that causes us to believe that the non-modelled information contained in the Part C Lines of the *[Bank/Branch, delete as appropriate]* for *[insert the year-end date]*, based on the Standardised, Internal Ratings or other regulatory model-based approaches specified, is not prepared, in all material respects, in accordance with the provisions specified in Regulation 46(2)(a).

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

**Other Matter – Matter(s) Exceeding the PA Reporting Threshold**

The terms of our limited assurance engagement of the Part C Lines address, among others, the application of materiality. In this regard, we draw your attention to the matter(s) exceeding the PA reporting threshold noted as item(s) XXX of the attached Appendix A that affects/affect the Part C Lines but which does/do not have a material effect on the preparation of the Part C Lines in accordance with Regulation 46(2)(a). Our limited assurance conclusion is not [further]<sup>28</sup> modified in respect of [this/these matter(s)].

**Other Matter – Interpretive Matter(s)**

We draw your attention to the interpretive matter(s) noted as item(s) XXX of the attached Appendix A that affects/affect the Part C Lines in accordance with Regulation 46(2)(a). Our limited assurance conclusion is not [further]<sup>29</sup> modified in respect of [this/these matter(s)].

---

<sup>27</sup> “Appendix A” is usually attached to the reports and it documents all matters noted by the auditor(s), including the qualification matters. Refer to the requirements of ISA 705 (Revised), *Modifications to the opinion in the independent auditor's report*, and to the requirements in paragraphs 72-77 of ISAE 3000 (Revised), to ensure that the documentation of the qualification matters complies with these standards.

<sup>28</sup> To be included in the case of a qualified limited assurance conclusion.

<sup>29</sup> To be included in the case of a qualified limited assurance conclusion.

### **Other Information<sup>30</sup>**

The *[directors/branch executive management, delete as appropriate]* are/is responsible for the other information. The other information comprises all lines and columns in the return not referred to in our limited assurance conclusion paragraph above, as well as the information covered by Parts A to B and D to H reports and does not include the Part C Lines and our limited assurance conclusion thereon.

Our limited assurance conclusion on the Part C Lines 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 Part C Lines, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Part C Lines 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 are required to report that fact. *[We have nothing to report in this regard OR Where there are inconsistencies that are reported in Parts A to B and D to H, a cross-reference should be made to where those are reported (amend as appropriate).]*

### **Basis of Preparation of the Part C Lines and Restriction on Use and Distribution<sup>31</sup>**

Without *[further]*<sup>32</sup> modifying our limited assurance conclusion, we emphasise that the Part C Lines of the *[Bank/Branch, delete as appropriate]* were prepared on the Standardised, Internal Ratings or other regulatory model-based approaches specified for the purpose of reporting to the PA. As a result, the Part C Lines may not be suitable for another purpose.

Our report is intended solely for the purpose of our compliance with the Regulations and for no other purpose. It should not be distributed to or used by any other parties other than the PA and the *[directors/branch executive management, board, sub-committee chairpersons, management, regulatory reporting management, delete as appropriate]* of the *[Bank/Branch, delete as appropriate]*.

---

<sup>30</sup> The inclusion of the other information paragraph is one of the options catered for within ISAE 3000 (Revised). The auditor(s) should use their professional judgement as to whether this paragraph is necessary for inclusion, depending on how they address the requirements of this standard under paragraphs 62 and A143.

<sup>31</sup> Note: Contrary to the Part A sections, there is no requirement to include “Emphasis of matter” before the title of this paragraph.

<sup>32</sup> To be included in the case of a qualified limited assurance conclusion.



## **PART D: INDEPENDENT [AUDITOR'S/AUDITORS', DELETE AS APPROPRIATE] LIMITED ASSURANCE REPORT ON RISK LINES OF THE BA 610 RETURN AT YEAR-END DERIVED FROM INTERNAL MODELS**

We have undertaken a limited assurance engagement on the model-derived information from internal models and risk information sources used by management and contained in the year-end BA 610 return, as specified by the Prudential Authority in Directive XX of YYYY<sup>33</sup> as the Part D Lines of the *[Bank/Branch, delete as appropriate]*, based on the Standardised, Internal Ratings or other regulatory model-based approaches specified, as approved or accepted by the PA, that has been extracted from the financial and other information in the *[Bank's/Branch's, delete as appropriate]* general ledger, management accounts and management risk information (the "underlying records") and submitted to the PA for *[insert the year-end date]* (the "Part D Lines"), for the purpose of complying with Regulations 46(1) and 46(2)(a).

### ***[Directors'/Branch Executive Management's, delete as appropriate]* Responsibility for the Part D Lines**

The *[directors/branch executive management, delete as appropriate]* are/is responsible for ensuring the *[Bank's/Branch's, delete as appropriate]* compliance with the provisions of the Act and the Regulations, which includes the preparation and submission of the Part D Lines to the PA, for *[insert the year-end date]*, in accordance with the provisions set out in Regulation 46(2)(a); and for such internal control as the *[directors/branch executive management, delete as appropriate]* determine(s) is necessary to enable the preparation of the Part D Lines that are free from material misstatement, whether due to fraud or error.

### **Inherent Limitations**

The information in the BA 610 return referred to in the Part D Lines above is predominantly derived from internal risk models implemented by the *[Bank/Branch, delete as appropriate]*, based on the advanced approaches specified to meet criteria established by the Regulations and those specified by management. The models are complex and significant elements are based on source data input into the models which is unaudited. In addition, the model outputs are based on methodologies and underlying assumptions which may be subjective. We have not assessed the mathematical accuracy or appropriateness of these methodologies or reasonableness of the underlying assumptions.

Our work performed did not extend to obtaining evidence to validate the methodologies within the models or the integrity of the underlying source data from which the information in the Part D Lines has been calculated. Accordingly, we are unable to conclude on the completeness, validity or accuracy of the risk information included in these returns, beyond the fact that it is prepared from risk information and models used by management. In these circumstances, we are unable to conclude on the preparation of the information contained in the Part D Lines, beyond whether the information has

---

<sup>33</sup> The auditor should update this reference based on the Directive in force and applicable to the reporting engagement.

been properly extracted from the underlying records, in all material respects, in accordance with the Act and the provisions specified in Regulation 46(2)(a).

**[For engagements beginning before 15 December 2022]** *[Delete this block, if not applicable]*

#### **Our Independence and Quality Control**

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, *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.

**[For engagements beginning on or after 15 December 2022]** *[Delete this block, if not applicable]*

#### **Our Independence and Quality Management**

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 Management 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, which requires the [firm/firms] to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

#### ***[Auditor’s/Auditors’, delete as appropriate]* Responsibility**

Our responsibility is to report on the Part D Lines in accordance with Regulation 46(1) and 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 Part D Lines is not properly extracted from the underlying records, in all material respects, in accordance with the provisions specified in Regulation 46(2)(a).

A limited assurance engagement undertaken in accordance with ISAE 3000 (Revised) involves assessing the suitability in the circumstances of the *[Bank’s/Branch’s, delete as appropriate]* use of the provisions set out in Regulation 46(2)(a) as the basis for the preparation of the Part D Lines; assessing the risks of material misstatement of the Part D Lines, whether due to fraud or error; responding to the assessed risks, as necessary in the circumstances; and evaluating the overall presentation of the Part D Lines. 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/or reporting policies, and agreeing or reconciling the Part D Lines 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 regulatory return, to ascertain which internal models have been implemented by the *[Bank/Branch, delete as appropriate]* for the above risk areas and inter alia, considering the:
  - design and implementation of general and application computer controls over data flows from the underlying source systems to the risk systems;
  - design and implementation of general and application computer controls over data flows to/from the risk systems and the internal models;
  - mapping of data flows from the underlying source systems to the risk systems to ensure the validity, accuracy and completeness of data flow to the risk systems;
  - reconciliation of risk systems information to financial reporting systems that ensure the validity, accuracy and completeness of the data maintained in the risk systems and the information contained in the management accounts and accounting records; and
  - reconciliation of data flows to/from the risk systems and the internal models.

- Comparing and agreeing risk information from the risk systems to the information disclosed in the BA return.
- Re-performing out-of-model calculations, substantive analytical procedures and inspecting supporting documents considered necessary to evaluate compliance with the Regulations in the preparation of the return. This included, inter alia, evaluating the out-of-model assumptions applied and interpretations of management to ensure definitions and classifications are in accordance with the Regulations applicable to the Part D Lines.
- Considering material matters that have come to our attention with regard to financial regulatory reporting and compliance reported, in accordance with the provisions specified in Regulation 46(3) that might materially affect the preparation of risk information in the BA return.

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 Part D Lines has been properly extracted from the underlying records of the *[Bank/Branch, delete as appropriate]*, in all material respects, in accordance with the provisions specified in Regulation 46(2)(a).

#### **Limited Assurance Conclusion**

Based on the procedures we have performed and the evidence we have obtained, and subject to the inherent limitations outlined above, nothing has come to our attention that causes us to believe that the model-derived information contained in the Part D Lines of the *[Bank/Branch, delete as appropriate]* for *[insert the year-end date]* – based on the Standardised, Internal Ratings or other regulatory model-based approaches and derived from internal models implemented by the *[Bank/Branch, delete as appropriate]* and risk information sources used by management for *[insert the year-end date]* – is not properly extracted from the underlying records, in all material respects, in accordance with the provisions specified in Regulation 46(2)(a).

**IF A QUALIFIED LIMITED ASSURANCE CONCLUSION IS EXPRESSED, THEN REPLACE THE ABOVE PARAGRAPH WITH THE FOLLOWING TWO:**

**Basis for Qualified Limited Assurance Conclusion**

Our basis for qualification has been noted in Appendix A<sup>34</sup>, attached to this report, as item(s) XX relating to *[state the relevant sections/lines of the BA 610 return]*.

**Qualified Limited Assurance Conclusion**

Based on the procedures we have performed and the evidence we have obtained, and subject to the inherent limitations outlined above, except for the effect(s) of the matter(s) described in the Basis for Qualified Limited Assurance Conclusion paragraph in the Part D report above, nothing has come to our attention that causes us to believe that the model-derived information contained in the Part D Lines of the *[Bank/Branch, delete as appropriate]* for *[insert the year-end date]* – based on the Standardised, Internal Ratings or other regulatory model-based approaches specified and derived from internal models implemented by the *[Bank/Branch, delete as appropriate]* and risk information sources used by management – is not properly extracted from the underlying records, in all material respects, in accordance with the provisions specified in Regulation 46(2)(a).

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

**Other Matter – Matter(s) Exceeding the PA Reporting Threshold**

The terms of our limited assurance engagement of the Part D Lines address, among others, the application of materiality. In this regard, we draw your attention to the matter(s) exceeding the PA reporting threshold noted as item(s) XXX of the attached Appendix A that affects/affect the Part D Lines but which does/do not have a material effect on the preparation of the Part D Lines in accordance with Regulation 46(2)(a). Our limited assurance conclusion is not *[further]*<sup>35</sup> modified in respect of *[this/these matter(s)]*.

**Other Matter – Interpretive Matter(s)**

We draw your attention to the interpretive matter(s) noted as item(s) XXX of the attached Appendix A that affects/affect the Part D Lines in accordance with Regulation 46(2)(a). Our limited assurance conclusion is not *[further]*<sup>36</sup> modified in respect of *[this/these matter(s)]*.

---

<sup>34</sup> “Appendix A” is usually attached to the reports and it documents all matters noted by the auditor(s), including the qualification matters. Refer to the requirements of ISA 705 (Revised), *Modifications to the opinion in the independent auditor's report*, and to the requirements in paragraphs 72-77 of ISAE 3000 (Revised), to ensure that the documentation of the qualification matters complies with these standards.

<sup>35</sup> To be included in the case of a qualified limited assurance conclusion.

<sup>36</sup> To be included in the case of a qualified limited assurance conclusion.

### **Other Information<sup>37</sup>**

The *[directors/branch executive management, delete as appropriate]* are/is responsible for the other information. The other information comprises all lines and columns in the return not referred to in our limited assurance conclusion paragraph above, as well as the information covered by Parts A to C and E to H reports and does not include the Part D Lines and our limited assurance conclusion thereon.

Our limited assurance conclusion on the Part D Lines 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 Part D Lines, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Part D Lines 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 are required to report that fact. *[We have nothing to report in this regard OR Where there are inconsistencies that are reported in Parts A to C and E to H, a cross-reference should be made to where those are reported (amend as appropriate).]*

### **Basis of Preparation of the Part D Lines and Restriction on Use and Distribution<sup>38</sup>**

Without *[further]*<sup>39</sup> modifying our limited assurance conclusion, we emphasise that the Part D Lines of the *[Bank/Branch, delete as appropriate]* were prepared based on the Standardised, Internal Ratings or other regulatory model-based approaches for the purpose of reporting to the PA. As a result, the Part D Lines may not be suitable for another purpose.

Our report is intended solely for the purpose of our compliance with the Regulations and for no other purpose. It should not be distributed to or used by any other parties other than the PA and the *[directors/branch executive management, board, sub-committee chairpersons, management, regulatory reporting management, delete as appropriate]* of the *[Bank/Branch, delete as appropriate]*.

---

<sup>37</sup> The inclusion of the other information paragraph is one of the options catered for within ISAE 3000 (Revised). The auditor should use their professional judgement as to whether this paragraph is necessary for inclusion, depending on how they address the requirements of this standard under paragraphs 62 and A143.

<sup>38</sup> Note: Contrary to the Part A sections, there is no requirement to include “Emphasis of matter” before the title of this paragraph.

<sup>39</sup> To be included in the case of a qualified limited assurance conclusion.

## **PART E: BA 610 RETURNS RELATING TO THE QUARTERS OTHER THAN YEAR-END: AGREED-UPON PROCEDURES ENGAGEMENT**

### **Agreed-Upon Procedures Report on Returns for the Quarters Other than at Year-end**

#### **Purpose of this Agreed-Upon Procedures Report and Restriction on Use and Distribution**

Our Part E report on the returns for the quarters other than at year-end is provided in accordance with Regulation 46(2)(b), solely for the purpose of, and may not be suitable for another purpose, assisting the PA in evaluating whether or not:

- The returns for the quarters other than at year-end are consistent with the information contained in the *[Bank's/Branch's, delete as appropriate]* management accounts;
- The reported prudential limits/ratios on any resubmitted returns result in any non-compliance with the required regulatory limit and that the resubmitted returns validate to other returns in accordance with the PA validation rules;
- There were any changes to the regulatory reporting system and the reasons for such changes;
- Any qualification, other matter and housekeeping matters in the preceding year's BA returns Appendix A findings were resolved at the end of the current year;
- The quarters other than at year-end are affected by any qualification, other matter and housekeeping matters included in the current year's BA return Appendix A findings;
- In instances where any information in the BA 610 return is generated using spreadsheets, the risks normally associated with the use of spreadsheets, such as version control, change controls and data recovery have been mitigated; and
- The *[Bank/Branch, delete as appropriate]* has implemented any guidance and interpretations in the preparation of the returns for quarters other than at year-end.

This report is intended solely for the *[directors/branch executive management, delete as appropriate]* of the *[Bank/Branch, delete as appropriate]* and the PA, and should not be used by, or distributed to, any other parties.

#### **Responsibilities of the *[Directors/Branch Executive Management, delete as appropriate]* of the *[Bank/Branch, delete as appropriate]* and the PA**

The *[directors/branch executive management, delete as appropriate]* of the *[Bank/Branch, delete as appropriate]* and the PA have acknowledged that the agreed-upon procedures are appropriate for the purpose of the engagement.

The *[directors/branch executive management, delete as appropriate]* of the *[Bank/Branch, delete as appropriate]* are/is responsible for the subject matter on which the agreed-upon procedures are performed.

***[Auditor's/Auditors', delete as appropriate] Responsibilities***

We have conducted the agreed-upon procedures engagement in accordance with the International Standard on Related Services (ISRS) 4400 (Revised), *Agreed-Upon Procedures Engagements*. An Agreed-upon procedures engagement involves us performing the procedures that have been agreed with the *[directors/branch executive management, delete as appropriate]* of the *[Bank/Branch, delete as appropriate]* and reporting the findings, which are the factual results of the agreed-upon procedures performed. We make no representation regarding the appropriateness of the agreed-upon procedures.

The agreed-upon procedures engagement is not an assurance engagement. Accordingly, we do not express an opinion or an assurance conclusion.

Had we performed additional procedures, other matters might have come to our attention that would have been reported.

**[For engagements beginning before 15 December 2022]** *[Delete this block, if not applicable]*

**Professional Ethics and Quality Control**

We have complied with the ethical requirements of the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors (IRBA Code). The IRBA Code is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour; and it 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)*. For the purpose of this engagement, there are no independence requirements with which we are required to comply.

The *[firm applies/firms apply]* International Standard on Quality Control 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.

**[For engagements beginning on or after 15 December 2022]** *[Delete this block, if not applicable]*

**Professional Ethics and Quality Management**

We have complied with the ethical requirements of the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors (IRBA Code). The IRBA Code is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour; and it 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)*. For the purpose of



this engagement, there are no independence requirements with which we are required to comply.

The [firm applies/firms apply] the International Standard on Quality Management 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, which requires the [firm/firms] to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### Procedures and Findings

We have performed the procedures described in the table below, which were agreed upon with the [directors/branch executive management, delete as appropriate] of the [Bank/Branch, delete as appropriate] on the returns for the quarters other than at year-end.

No.	Procedures	Findings
1.	Obtain from [state the name and designation of the individual] the quarterly reconciliations of sections A, B and C of the BA 610 return to the management accounts of the bank for all quarters other than at year-end and perform the following procedures:	<p><i>POSSIBLE FINDING:</i></p> <p>We obtained from [state the name and designation of the individual] the quarterly reconciliations of sections A, B and C of the BA 610 to the management accounts for all quarters other than at year-end and performed the following procedures:</p>
1.1.	Inspect the quarterly reconciliations for any reconciling items noted between sections A, B and C of the BA 610 return and the management accounts for all quarters other than at year-end; and	<p><i>POSSIBLE FINDING:</i></p> <p>We inspected the quarterly reconciliations. [No reconciling items/Reconciling items] were noted between sections A, B and C of the BA 610 return and the management accounts for all quarters other than at year-end.</p>
1.2.	Where reconciling items were noted in procedure 1.1, inquire of [state the name and designation of the individual] as to the reasons for the reconciling items and document their reasons.	<p><i>POSSIBLE FINDING:</i></p> <p>We inquired from [state the name and designation of the individual] who indicated the following reason(s) for the reconciling items: [insert management's explanation for reconciling items].</p> <p style="text-align: center;">OR</p> <p>Not applicable, as no reconciling items were noted.</p>

No.	Procedures	Findings
2.	<p>Obtain all resubmitted return(s) made during the year for the other quarters after the date of the preceding year-end, excluding the current year-end, from management and perform the following procedures:</p> <ul style="list-style-type: none"> <li>a) Inquire from <i>[state the name and designation of the individual]</i> and document their reasons for the resubmission.</li> <li>b) Inspect the reported prudential limits/ratios<sup>40</sup> on the resubmitted form BA 610 return and compare the reported prudential limit/ratio to the required regulatory limit. Document any non-compliance issues identified.</li> </ul>	<p><i>POSSIBLE FINDING:</i></p> <p>We obtained all resubmitted return(s) made during the year for the other quarters after the date of the preceding year-end, excluding the current year-end, from management and performed the following procedures:</p> <ul style="list-style-type: none"> <li>a) We inquired from <i>[state the name and designation of the individual]</i> and the reason(s) for the resubmission(s) <i>[is/are]</i> <i>[insert management's reason(s) for a resubmission]</i>.</li> <li>b) We inspected the reported prudential limits/ratios on the resubmitted BA 610 return and compared the reported prudential limit/ratio to the required regulatory limit. <i>[No non-compliance issues were identified / The following non-compliance issues were identified:]</i>  <i>[insert the details of non-compliance]</i>.</li> </ul>
3.	<p>Inquire from <i>[state the name and designation of the individual]</i> whether any changes to the regulatory reporting system, were implemented during the year. If such changes were implemented, inquire from management what these changes related to as well as the reasons for the changes. Document management's responses.</p>	<p><i>POSSIBLE FINDING:</i></p> <p>We inquired from <i>[state the name and designation of the individual]</i> who indicated that no changes to the regulatory reporting system were implemented during the year.</p> <p style="text-align: center;"><i>OR</i></p> <p>We inquired from <i>[state the name and designation of the individual]</i> who indicated that changes to the regulatory reporting system were implemented during the year changes <i>[insert management's response]</i>.</p>

<sup>40</sup> Prudential limits and ratios, such as CET1, Tier 1 and Total CAR, LCR, NSFR, Leverage ratio, minimum reserve requirement, Liquid asset requirement, limits relating to negotiable instruments, Restrictions on investments in immovable property and shares, restrictions on investments in loans and advanced to certain associates, Net open foreign currency position limit.

No.	Procedures	Findings
4.	<p>Inspect the preceding year's BA returns Appendix A findings from the external [auditor/auditors, delete as appropriate], and note whether the management letter included any qualification, other matters and housekeeping matters.</p> <p>Inquire from [state the name and designation of the individual] whether or not any of these findings are not resolved at the end of the current year.</p>	<p><b>POSSIBLE FINDING:</b></p> <p>We inspected the preceding year's BA returns Appendix A from the external [auditor/auditors, delete as appropriate], and noted [no qualifications, other matters and housekeeping matters] / [qualifications, other matters and housekeeping matters].</p> <p>We inquired from [state the name and designation of the individual] and who indicated that [all findings have been resolved] / [all findings have not been resolved].</p>
5.	<p>Inspect the current year's BA returns Appendix A findings from the external [auditor/auditors, delete as appropriate] and note whether the management letter includes any qualifications, other matters and housekeeping matters.</p> <p>Inquire from [state the name and designation of the individual] whether or not the quarters other that at year-end are affected by the qualifications, other matters and housekeeping matters.</p>	<p><b>POSSIBLE FINDING:</b></p> <p>We inspected the current year's BA returns Appendix A findings from the external [auditor/auditors, delete as appropriate] and noted [no qualifications, other matters and housekeeping matters] / [qualifications, other matters and housekeeping matters].</p> <p>We inquired from [state the name and designation of the individual] who indicated that the quarters other that at year-end [are/are not] affected by the qualifications, other matters and housekeeping matters.</p>
6.	<p>a) Inquire from [state the name and designation of the individual] whether any information contained in the BA 610 return is generated using spreadsheets.</p> <p>b) Inquire from [state the name and designation of the individual] how the risks normally associated with the use of spreadsheets are mitigated, and record management's responses.</p>	<p><b>POSSIBLE FINDING:</b></p> <p>(a) We inquired from [state the name and designation of the individual] who indicated that [information contained in the BA 610 return is generated using spreadsheets] / [information reflected in the BA 610 return is not generated using spreadsheets].</p> <p>(b) We inquired from [state the name and designation of the individual] and note their response as follows:</p> <p>[insert management's responses]</p>

No.	Procedures	Findings
7.	Obtain from the <i>[state the name and designation of the individual]</i> copies of correspondence between the <i>[Bank/Branch, delete as appropriate]</i> and the PA, about BA reporting interpretations and errors, and perform the following procedure:	<p><i>POSSIBLE FINDING:</i></p> <p>We obtained from <i>[state the name and designation of the individual]</i> the copies of correspondence between the <i>[Bank/Branch, delete as appropriate]</i> and the PA about BA reporting interpretations and errors, and performed the following procedures:</p> <p style="text-align: center;">OR</p> <p>There was no correspondence between the <i>[Bank/Branch, delete as appropriate]</i> and the PA about BA reporting interpretations and errors.</p>
7.1.	Inquire from <i>[state the name and designation of the individual]</i> whether they have implemented the PA interpretations and errors referred to in procedure 7 above in the preparation of the BA returns for the quarters other than at year-end, and document their response.	<p><i>POSSIBLE FINDING:</i></p> <p>We inquired from <i>[state the name and designation of the individual]</i> and [they have implemented the PA interpretations and errors referred to in procedure 7 above in the preparation of the BA returns for the quarters other than at year-end] / [they have not implemented the PA interpretations and errors referred to in procedure 7 above in the preparation of the BA returns for the quarters other than at year-end.]</p>

**PART F: BA 020 RETURNS RELATING TO APPOINTMENTS OF (DIRECTORS/BRANCH EXECUTIVE MANAGEMENT) OR EXECUTIVE MANAGEMENT: AGREED-UPON PROCEDURES ENGAGEMENT**

**Agreed-Upon Procedures Report on BA 020 Return(s) Appointments of *[Directors/Branch Executive Management, delete as appropriate]* or Executive Officers**

**Purpose of this Agreed-Upon Procedures Report and Restriction on Use and Distribution**

Our Part F report on the BA 020 return(s) is provided in accordance with Regulation 46 (8), for the purpose of assisting the PA in evaluating whether any instances of non-compliance with the provisions of Regulations 42(1)(a) and 42(1)(b) were identified and may not be suitable for another purpose. This report is intended solely for the *[directors/branch executive management, delete as appropriate]* or executive officers of the *[Bank/Branch, delete as appropriate]* and the PA and should not be used by, or distributed to, any other parties.

**Responsibilities of the *[Directors/Branch Executive Management, delete as appropriate]* and the PA**

The *[directors/branch executive management, delete as appropriate]* and the PA have acknowledged that the agreed-upon procedures are appropriate for the purpose of the engagement.

The *[directors/branch executive management, delete as appropriate]* are/is responsible for the subject matter on which the agreed-upon procedures are performed.

***[Auditor's/Auditors', delete as appropriate]* Responsibilities**

We have conducted the agreed-upon procedures engagement in accordance with the International Standard on Related Services (ISRS) 4400 (Revised), *Agreed-Upon Procedures Engagements*. An agreed-upon procedures engagement involves us performing the procedures that have been agreed with the *[directors/branch executive management, delete as appropriate]* of the *[Bank/Branch, delete as appropriate]* and reporting the findings, which are the factual results of the agreed-upon procedures performed. We make no representation regarding the appropriateness of the agreed-upon procedures.

This agreed-upon procedures engagement is not an assurance engagement. Accordingly, we do not express an opinion or an assurance conclusion.

Had we performed additional procedures, other matters might have come to our attention that would have been reported.

**[For engagements beginning before 15 December 2022] *[Delete this block, if not applicable]***

**Professional Ethics and Quality Control**

We have complied with the ethical requirements of the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors (IRBA Code). The IRBA Code is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour; and it 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)*. For the purpose of this engagement, there are no independence requirements with which we are required to comply.

The [firm applies/firms apply] International Standard on Quality Control 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.

**[For engagements beginning on or after 15 December 2022]** *[Delete this block, if not applicable]*

**Professional Ethics and Quality Management**

We have complied with the ethical requirements of the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors (IRBA Code). The IRBA Code is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour; and it 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)*. For the purpose of this engagement, there are no independence requirements with which we are required to comply.

The [firm applies/firms apply] the International Standard on Quality Management 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, which requires the [firm/firms] to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Procedures and Findings**

We have performed the procedures described in the table below, which were agreed upon with the *[directors/branch executive management, delete as appropriate]* of the *[Bank/Branch, delete as appropriate]* on the BA 020 returns.

No.	Procedures	Findings
1.	Obtain from the Company Secretary the BA 020 return(s) that was/were submitted to the PA during the year under review from <i>[state the name and designation of the individual]</i> .	<p><i>POSSIBLE FINDING:</i></p> <p>We obtained from the Company Secretary the BA 020 return(s) that was/were submitted to the PA during the year under review from <i>[state the name and designation of the individual]</i>.</p>

No.	Procedures	Findings
2.	<p>Obtain from <i>[state the name and designation of the individual]</i> a list of all directors and executive officers and one that indicates who the chairman of the board is, as well as the appointment/reappointment dates of all directors and executive officers.</p> <p>Where any previous directors were reappointed, the list should include the dates of their resignation and the reappointment dates.</p>	<p><i>POSSIBLE FINDING:</i></p> <p>We obtained from <i>[state the name and designation of the individual]</i> a list of all directors and executive officers and one that indicates who the chairman of the board is, as well as the appointment dates of all directors and executive officers.</p>
3.	For an existing bank, perform the following procedures:	
3.1.	Inspect the declaration made in the form BA 020 return(s) and document whether the declaration was made by <i>[insert the name]</i> , the chairman of the board;	<p><i>POSSIBLE FINDING:</i></p> <p>We inspected the declaration made in the form BA 020 return(s) and the declaration <i>[was/was not]</i> made by <i>[insert the name]</i>, the chairman of the board.</p> <p style="text-align: center;">OR</p> <p>Not applicable, as the form BA 020 return(s) is/are in respect of a new bank.</p>
3.2.	Where the declaration was not made by the chairman of the board, inquire from <i>[state the name and designation of the individual]</i> if the declaration was made by the chairman's duly appointed representative. Obtain documentation from <i>[state the name and designation of the individual]</i> which authorises the individual to sign the declaration, and document the information so presented by <i>[state the name and designation of the individual]</i> .	<p><i>POSSIBLE FINDING:</i></p> <p>We inquired from <i>[state the name and designation of the individual]</i> who indicated that the declaration <i>[was made/was not made]</i> by the chairman's duly appointed representative and we documented the information so presented <i>[specify the documentation]</i> to us as authorising the individual to sign the declaration.</p> <p style="text-align: center;">OR</p> <p>Not applicable. The declaration was signed by the chairman of the board.</p>
4.	For a new bank, inspect the declaration made in the form BA 020 return(s) and	<i>POSSIBLE FINDING:</i>

No.	Procedures	Findings
	document the name of the party that made the declaration.	<p>We inspected the declaration made in the form BA 020. It was signed by <i>[insert the name of the party that made the declaration]</i>.</p> <p style="text-align: center;">OR</p> <p>Not applicable, as the BA 020 return(s) is in respect of an existing bank.</p>
5.	For directors and executive officers appointed during the year, as indicated in the list of directors obtained from the Company Secretary, inspect the date of the declaration contained in the form BA 020 return(s) and document whether it was made at least 30 days prior to the date of the director or executive officer being appointed.	<p><i>POSSIBLE FINDING:</i></p> <p>We inspected the date of the declaration contained in form BA 020 return(s) and noted that it <i>[was/was not, delete as appropriate]</i> made at least 30 days prior to the appointment date of the director or executive officer, as indicated on the list of directors and executive officers obtained from the Company Secretary.</p>
6.	Inspect the list of directors obtained from the Company Secretary and note the number of directors that were reappointed during the year. Document whether 12 or more months have lapsed between the date of resignation and date of reappointment as indicated on the list of directors obtained from the Company Secretary.	<p><i>POSSIBLE FINDING:</i></p> <p>We inspected the list of directors obtained from the Company Secretary and noted <i>[insert the number]</i> directors that were reappointed during the year. For all directors that were reappointed, we noted that 12 or more months have lapsed between the date of resignation and date of reappointment, as indicated on the list of directors obtained from the Company Secretary.</p> <p><i>[Document any exceptions.]</i></p>



The Chief Executive Officer  
The Prudential Authority  
South African Reserve Bank  
PO Box 8432  
Pretoria  
0001

Dear Sir

**REPORT OF THE [APPOINTED/INDEPENDENT, DELETE AS APPROPRIATE]<sup>41</sup>  
[AUDITOR/AUDITORS, DELETE AS APPROPRIATE] TO THE PRUDENTIAL AUTHORITY  
(THE "PA") ON THE SIGNIFICANT WEAKNESSES IN THE SYSTEM OF INTERNAL  
CONTROLS, IN RESPECT OF CORPORATE GOVERNANCE, INTERNAL CONTROLS  
AND GOING CONCERN [AND *INSERT BILATERAL ENGAGEMENT UNDERTAKEN IF  
APPLICABLE*] OF [NAME OF BANK (A SUBSIDIARY/BRANCH OF THE BANKING  
GROUP/BANK)] (THE "BANK") IN TERMS OF THE BANKS ACT NO. 94 OF 1990 (THE  
"ACT") AND THE REGULATIONS RELATING TO BANKS (THE "REGULATIONS")<sup>42</sup>**

The respective Parts G to H reports attached to this report are made for the purpose of our compliance with the requirements of Regulation 46(3) and 46(4) of the Regulations on the significant weaknesses in the system of internal control; Regulations 39(19) and 40(4)(d) of the Regulations in respect of corporate governance, internal controls and going concern; (and Regulations [xx] of the Regulations on [insert the bilateral engagement undertaken]).

The respective Parts G to H reports attached to this report are not made in respect of an assurance engagement within the scope of the International Framework for Assurance Engagements. We have not followed any pronouncement as issued by the International Auditing and Assurance Standards Board for the completion of this assignment; and, as a result, our report does not contain any assurance opinion or conclusion in relation to any of the matters specified in Regulations 46(3) and 46(4), 39(19), 40(4)(d) and [insert the regulation for the bilateral engagement undertaken] on which we are required to report under these Regulations.

---

<sup>41</sup> Refer to footnote 5. Reflect on independence in instances where the legal entity responsible for the reports is not the legal entity responsible for the statutory financial statements.

<sup>42</sup> Part H and I, in their entirety, should be updated to reflect instances where the foreign reporting entity is not required to/does not complete any reporting envisaged under the regulations for whatever reason.

## Restriction on Use and Distribution

The respective Parts G to H reports attached to this report are provided solely for the purpose of meeting our responsibility to report to the PA, as indicated above. Our reports are not suitable for another purpose and should not be distributed to or used by any other parties other than the PA and the *[directors/branch executive management, board, sub-committee chairpersons, management, regulatory reporting management, delete as appropriate]* of the *[Bank/Branch, delete as appropriate]*.

Should you wish to discuss the contents of the respective Parts G to H reports attached to this report in any further detail, please contact *[Name of the Partner(s) and telephone number(s)]*.

Yours faithfully,

---

*[Partner's Signature]*  
*[Name of the individual registered auditor]*  
*[Capacity, if not a sole practitioner: e.g. Director or Partner]*  
*[Date of the partner's report]*  
*[Partner's work address]*<sup>43</sup>

---

*[Partner's Signature]*  
*[Name of the individual registered auditor]*  
*[Capacity, if not a sole practitioner: e.g. Director or Partner]*  
*[Date of the partner's report]*  
*[Partner's work address]*

---

<sup>43</sup> Each firm to determine the appropriate sign-off. As these Parts, though, are outside of the pronouncements of the International Auditing and Assurance Standards Board, the sign-off would generally be in the partner's personal capacity.

## **PART G: REPORT UNDER REGULATION 46(3) AND (4) OF THE REGULATIONS RELATING TO BANKS: SIGNIFICANT WEAKNESSES IN THE SYSTEM OF INTERNAL CONTROLS**

### **Report of the *[Appointed/Independent, delete as appropriate]*<sup>44</sup> *[Auditor/Auditors, delete as appropriate]*, Other than an Assurance Report, in respect of Significant Weaknesses in the System of Internal Controls**

This report is made to the Prudential Authority (the “PA”) under the requirements of Regulation 46(3) and 46(4) of the Regulations Relating to Banks (the “Regulations”) in respect of the following matters in relation to the *[Bank/Branch, delete as appropriate]*, in our capacity as the appointed *[auditor/auditors, delete as appropriate]* of the *[Bank/Branch, delete as appropriate]*:

Regulation 46(3):

*... annually report to the PA on any significant weaknesses in the system of internal controls relating to (a) financial regulatory reporting and (b) compliance with the Act and the Regulations, that came to the auditor’s attention while performing the necessary auditing procedures to enable us to furnish our report to the PA required under Regulation 46(2) of the Regulations.*

Regulation 46(4):

*... annually ... report to the PA on any significant weaknesses in the system of internal controls that came to the auditor’s attention while performing the necessary auditing procedures as regards the policies, practices and procedures of the bank relating to (a) the granting of loans (b) the making of investments, (c) the ongoing management of the loan and investment portfolios and (d) the relevant credit impairments or loan loss provisions and reserves.*

This report is not made in respect of an assurance engagement within the scope of the *International Framework for Assurance Engagements*. We have not followed any pronouncement as issued by the International Auditing and Assurance Standards Board (“IAASB”) for the completion of this assignment; and, as a result, our report does not contain any assurance opinion or conclusion in relation to any of the matters specified in Regulation 46(3) and 46(4) on which we are required to report under these Regulations.

### **Background Information**

The Banks Act No. 94 of 1990 and the Regulations do not define the term “*significant weakness*”. As part of *[our/the]*<sup>45</sup> audit of the *[Bank’s/Branch’s, delete as appropriate]* statutory financial statements performed in accordance with the International Standards on Auditing and *[for the purpose of]*<sup>46</sup> our audit, review and other assurance engagements performed in accordance with the relevant International Engagement Standards issued by the IAASB in respect of the BA return in accordance with Regulation 46(1) and the requirements specified in Regulation 46(2) (“our specified engagements”), we obtained an understanding of the *[Bank/Branch, delete as appropriate]* and its environment, including its internal controls, for

---

<sup>44</sup> Refer to footnote 5. Reflect on independence in instances where the legal entity responsible for the reports is not the legal entity responsible for the statutory financial statements.

<sup>45</sup> Refer to footnote 5.

<sup>46</sup> Refer to footnote 5.

the purpose of identifying and assessing the risk of material misstatement of those statutory financial statements and the BA return.

*[In the course of performing our audit of the [Bank's/Branch's, delete as appropriate] statutory financial statements, we complied with the International Standard on Auditing (ISA) 265, Communicating Deficiencies in Internal Control to Those Charged with Governance and Management, which requires the [auditor/auditors, delete as appropriate] to communicate appropriately to those charged with governance and management any significant deficiencies in internal control that the [auditor/auditors, delete as appropriate] identified during the audit of the [Bank's/Branch's, delete as appropriate] statutory financial statements.*

OR

*In the course of performing the audit of the [Bank's/Branch's, delete as appropriate] statutory financial statements, the independent auditor from [Specify the Firm entity and country which performed the engagement, e.g. the ABC London Plc Firm or XYZ Swaziland Firm, etc.] complied with International Standard on Auditing (ISA) 265, Communicating Deficiencies in Internal Control to Those Charged with Governance and Management, which requires them to communicate appropriately to those charged with governance and management any significant deficiencies in internal control that they identified during the audit of the [Bank's/Branch's, delete as appropriate] statutory financial statements.]<sup>47</sup>*

ISA 265 defines “deficiencies in internal control” as:

1. Deficiency in internal control – This exists when:
  - A control is designed, implemented or operated in such a way that it is unable to prevent, or detect and correct, misstatements in the statutory financial statements on a timely basis; or
  - A control necessary to prevent, or detect and correct, misstatements in the statutory financial statements on a timely basis is missing.
2. Significant deficiency in internal control – A deficiency or combination of deficiencies in internal control that, in the [auditor/auditors, delete as appropriate] professional judgment, is of sufficient importance to merit the attention of those charged with governance.

Our work performed for the purpose of completing our specified engagements was not designed to express an opinion or conclusion on the design and/or operating effectiveness of the internal controls.

*[For the PA's information, we set out in Appendix XXX to this report an extract of those significant deficiencies in internal control that we identified during our specified engagements and communicated to the [directors/branch executive management, board, sub-committee chairpersons, management, regulatory reporting management, delete as appropriate] of the [Bank/Branch, delete as appropriate] on [date].]*

OR

*[For the PA's information, we set out in Appendix XXX to this report the statutory audit report to the audit committee, which includes the significant findings identified during the specific*

---

<sup>47</sup> Refer to footnote 5.

*engagement and communicated to the audit committee of the [Bank/Branch, delete as appropriate] on [date].]*

### **Restriction on Use and Distribution**

This report is provided solely for the purpose of meeting our responsibility to report to the PA, as indicated above. Our report is not suitable for another purpose and should not be distributed to or used by any other parties other than the PA and the *[directors/branch executive management, board, sub-committee chairpersons, management, regulatory reporting management, delete as appropriate]* of the *[Bank/Branch, delete as appropriate]*.

**Guidance (To be removed from the report before issue):** *The matters to be included in Appendix XXX above relate only to those significant items that are reported to the audit committee or equivalent management committee (in the case of foreign branches). This appendix can be:*

- *an extract from the audit committee document;*
- *attached as a separate document to accompany this report; or*
- *those significant control matters included in the Report to Management or equivalent report, where no audit committee document was prepared.*

*It is not expected that matters of a housekeeping nature be reported.*

## **PART H: REPORTS UNDER THE REGULATIONS RELATING TO BANKS (THE REGULATIONS) IN RESPECT OF CORPORATE GOVERNANCE, INTERNAL CONTROLS AND GOING CONCERN**

### **Part H(1): Report of the *[Appointed/Independent, delete as appropriate]*<sup>48</sup> *[Auditor/Auditors, delete as appropriate]*, Other than an Assurance Report, in respect of Corporate Governance in Accordance with the Requirements Specified in Regulation 39(18)**

This report is made to the Prudential Authority (the “PA”) under the requirements of Regulation 39(19) of the Regulations Relating to Banks (the “Regulations”), in respect of the following matters in relation to the *[Bank/Branch, delete as appropriate]*, in our capacity as the *[appointed/independent, delete as appropriate]*<sup>49</sup> *[auditor/auditors, delete as appropriate]* of the *[Bank/Branch, delete as appropriate]*.

Regulation 39(19) requires the *[auditor/auditors, delete as appropriate]* to “*annually review the process followed by the board of directors in assessing the corporate governance arrangements, including the management of risk and capital and their assessment of capital adequacy, and report to the PA whether any matters have come to their attention to suggest that they do not concur with the findings reported by the board of directors ...*” in the *[board of directors’/branch executive management’s, delete as appropriate]* documented assessment required under Regulation 39(18) (“the findings documented by *[the Board/executive management]*”). If we do not concur with the findings documented by *[the Board/executive management]*, we are required to provide our reasons thereof.

This report is not made in respect of an assurance engagement within the scope of the *International Framework for Assurance Engagements*. We have not followed any pronouncement as issued by the International Auditing and Assurance Standards Board (“IAASB”) for the completion of this assignment; and, as a result, our report does not contain any assurance opinion or conclusion in relation to any of the matters specified in Regulation 39(19) on which we are required to report.

#### ***[Directors’/Branch Executive Management’s, delete as appropriate]* Responsibility Relating to Corporate Governance Processes**

Regulation 39(1) provides that the *[Board of directors/branch executive management, delete as appropriate]* (*[the Board/executive management]*) of the *[Bank/Branch, delete as appropriate]* is ultimately responsible for ensuring that an adequate and effective process of corporate governance is established and maintained under Regulation 39:

- which is consistent with the nature, complexity and risk inherent in the *[Bank’s/Branch’s, delete as appropriate]* on-balance sheet and off-balance sheet activities; and
- that responds to changes in the *[Bank’s/Branch’s, delete as appropriate]* environment and conditions.

Under Regulation 39(2), this process includes the maintenance of effective risk management and capital management by the *[Bank/Branch, delete as appropriate]*.

---

<sup>48</sup> Refer to footnote 5.

<sup>49</sup> Refer to footnote 5.

Under Regulation 39(18)(a), *[the Board/executive management]* is also required to assess and document, at least annually, whether the processes relating to corporate governance, internal controls, risk management, capital management and capital adequacy implemented by the *[Bank/Branch, delete as appropriate]* successfully achieve the objectives specified by *[the Board/executive management]*.

Appendix A to this report contains a description of the *[Bank's/Branch's, delete as appropriate]* corporate governance arrangements, including the management of risk and capital, extracted from *[identify the document that contained the directors'/branch executive management's documented assessment under Regulation 39(18)(a), e.g. the Integrated Risk Report]*.

### **Inherent Limitations**

Due to the inherent limitations of any process of corporate governance, errors or fraud may not be prevented or detected, and because of the complexity and risk inherent in a *[bank's/branch's, delete as appropriate]* activities, the process of internal controls, risk management, capital management and capital adequacy assessment implemented may not successfully achieve the objectives determined by *[the Board/executive management]*. Furthermore, the projections of the *[Board's/executive management's]* findings, from its annual assessment of the corporate governance, internal controls, risk management, capital management and capital adequacy, to future periods are subject to the risk that the overall effectiveness may become inadequate as a result of changes in circumstances; or that the degree of compliance with the laid down corporate governance, internal controls, risk management, capital management and capital adequacy processes may deteriorate.

### **Our Responsibility and Summary of Our Work**

We have read the findings documented by the *[Board/executive management]* and have exercised our professional judgement in assessing those findings and performing the procedures set out in Appendix B to this report, for the purpose of reporting to the PA under Regulation 39(19).

*[In line with the scope of our work described above and pursuant to Regulation 39(19), we have no matters to report.]*

OR

*In line with the scope of our work described above and pursuant to Regulation 39(19), we report that a matter has/matters have come to our attention, as set out in Appendix B to our Report together with our reasons for not concurring with those findings – refer to [include item references].*

OR

*In line with the scope of our work described above and pursuant to Regulation 39(19), we include Appendix XXX, being the statutory audit report presented to the Audit Committee of the *[Bank/Branch, delete as appropriate]* on the *[insert the date]* and refer you to our Appendix A report that a matter has/matters have come to our attention, which highlights/highlight *[include item references or further detail]* and may affect the *[Board/executive management]* in meeting its objectives.]*

### **Restriction on Use and Distribution**

This report is provided solely for the purpose of meeting our responsibility to report to the PA, as indicated above. Our report is not suitable for another purpose and should not be distributed to or used by any other parties other than the PA and the *[directors/branch executive management, board, sub-committee chairpersons, management, regulatory reporting management, delete as appropriate]* of the *[Bank/Branch, delete as appropriate]*.



## **Appendix A to Report H(1)**

Set out below is *[the Board's/executive management's]* documented assessment of the *[Bank's/Branch's, delete as appropriate]* processes relating to corporate governance, internal controls, risk management, capital management and capital adequacy implemented by the *[Bank/Branch, delete as appropriate]*, and whether these processes successfully achieve the objectives specified by *[the Board/executive management]*, as required under Regulation 39(18) of the Regulations. This information has been extracted from *[identify the document that contains the directors'/branch executive management's description, for example, the Integrated Risk Report]*.

## Appendix B to Report H(1)

The following procedures were performed:

No.	Procedures	Results of the procedures performed	Management comment
1.	<ul style="list-style-type: none"> <li>• Inspect supporting documentation and enquire from management as to which Board-appointed committee was tasked with the responsibility of compliance with Regulation 39(18) in the following areas:               <ul style="list-style-type: none"> <li>○ Overall responsibility for setting objectives, and the assessment thereof;</li> <li>○ Corporate governance; and</li> <li>○ Management of risk and capital, including the assessment of capital adequacy.</li> </ul> </li> </ul>		
2.	Obtain the objectives as set by the Board. Document the date of approval of the set objectives.		
3.	Obtain from management a description of the assessment process followed by the Bank, in order to determine whether the objectives as specified by the Board, in respect of corporate governance, internal controls, risk management, capital management and capital adequacy, and implemented by the Bank were successfully achieved.		
4.	<ul style="list-style-type: none"> <li>• Obtain the minutes of the Board meeting where the objectives were assessed, and the assessment approved.</li> <li>• Document the areas assessed, who performed the assessment and the date of the assessment.</li> </ul>		

No.	Procedures	Results of the procedures performed	Management comment
	<ul style="list-style-type: none"> <li>Document whether management's assessment highlighted any areas of concern.</li> </ul>		
5.	Enquire from management as to whether the PA requested a copy of the assessment of the adequacy of the process; and, where applicable, inspect the correspondence and document the date thereof.		
6.	Enquire from the statutory auditors whether their testing resulted in any findings being reported to the audit committee or other similar committee in respect of corporate governance, risk and capital; and, where applicable, document the finding that was reported.		

**PART H(2): Report of the *[Appointed/Independent, delete as appropriate]*<sup>f50</sup> *[Auditor/Auditors, delete as appropriate]*, Other than an Assurance Report, in respect of Internal Controls and Going Concern**

This report is made to the PA under the requirements of Regulation 40(4)(d) of the Regulations, in respect of the following matters in relation to the *[Bank/Branch, delete as appropriate]*, in our capacity as the *[appointed/independent, delete as appropriate]*<sup>f51</sup> *[auditor/auditors, delete as appropriate]* of the *[Bank/Branch, delete as appropriate]*.

This Regulation requires the *[external/independent, delete as appropriate]*<sup>f52</sup> *[auditor/auditors, delete as appropriate]* of a bank to report annually to the PA in accordance with the requirements specified in Regulation 40(4)(d), whether or not the *[auditor/auditors, delete as appropriate]* concurs/concur with the annual reports made by the *[directors/branch executive management, delete as appropriate]* to the PA in accordance with Regulation 40(4)(a) and (b) (“the annual reports made by the *[directors/branch executive management, delete as appropriate]*”), included as Appendix A to this report; and, if not, to provide reasons thereof.

This report is not made in respect of an assurance engagement within the scope of the *International Framework for Assurance Engagements*. We have not followed any pronouncement as issued by the IAASB for the completion of this assignment; and, as a result, our report does not contain any assurance opinion or conclusion in relation to any of the matters on which we are required to report under Regulation 40(4)(d).

**Internal Controls**

*[Directors’/Branch Executive Management’s, delete as appropriate] Responsibility for Internal Controls*

Under Regulation 40(4)(a) of the Regulations, the *[directors/branch executive management, delete as appropriate]* are/is responsible for reporting annually to the Prudential Authority on the *[Bank’s/Branch’s, delete as appropriate]* internal controls; its maintenance of high ethical standards by the *[Bank’s/Branch’s, delete as appropriate]* employees; its implementation of the required compensation policies under Regulation 39(16)(a); and whether any material malfunction (as defined and documented by the *[Board of directors/branch executive management, delete as appropriate]* and submitted to the PA) has occurred in the functioning of the aforementioned controls, procedures and systems during the period under review, in accordance with Regulation 40(4)(a)(vi).

*Our Responsibility and Summary of Our Work*

For the purposes of completing *[our/the]*<sup>f53</sup> audit of the *[Bank’s/Branch’s, delete as appropriate]* statutory financial statements, and *[for the purpose of]*<sup>f54</sup> our audit, review

---

<sup>50</sup> Refer to footnote 5.

<sup>51</sup> Refer to footnote 5.

<sup>52</sup> Refer to footnote 5.

<sup>53</sup> Refer to footnote 5.

<sup>54</sup> Refer to footnote 5.

and other assurance engagements work performed in respect of the BA return in accordance with Regulation 46(1) and the requirements specified in Regulation 46(2) (“our specified engagements”), we obtained an understanding of the *[Bank/Branch, delete as appropriate]* and its environment, including its internal controls, for the purpose of identifying and assessing the risk of material misstatement of the statutory financial statements and the BA return. For the PA’s information, we have set out in the Part H report and the appendix thereto an extract of significant deficiencies in internal control identified during our specified engagements and communicated to the *[directors/branch executive management, board, sub-committee chairpersons, management, regulatory reporting management, delete as appropriate]* of the *[bank/branch, delete as appropriate]* on *[date]*.

We have read the annual report made by the *[directors/branch executive management, delete as appropriate]* under Regulation 40(4)(a) and we have exercised our professional judgement in the context of our understanding of the *[Bank/Branch, delete as appropriate]* and its environment, including its internal controls, obtained in our specified engagements described above, for the purpose of reporting to the PA under Regulation 40(4)(d).

We emphasise that our procedures performed for the purposes of completing our specified engagements were not designed to express an opinion or conclusion on the operating effectiveness of those internal controls, or whether internal controls based on established policies and procedures are implemented by trained skilled personnel in accordance with Regulation 40(4)(a)(ii); nor to assess whether the bank implemented and continuously maintained compensation policies, processes and practices that, as a minimum, comply with the requirements specified in Regulation 39(16)(a); and nor to assess whether all the employees of the *[Bank/Branch, delete as appropriate]* maintained high ethical standards, thereby ensuring that the *[Bank/Branch, delete as appropriate]* business practices were conducted in a manner that was above reproach, in accordance with Regulation 40(4)(a)(iv).

*[In line with the scope of our work described above and pursuant to Regulation 40(4)(d), we have no matters to report.*

OR

*In line with the scope of our work described above and pursuant to Regulation 40(4)(d), we report that the following matter has/matters have come to our attention:*

- *[Insert the matter(s) or reference to the matter(s)], delete and amend as appropriate.]*

### **Going Concern**

*[Directors’/Branch Executive Management’s, delete as appropriate] Responsibility for Going Concern*

Under Regulation 40(4)(b) of the Regulations, the *[directors/branch executive management, delete as appropriate]* are/is required to annually report to the PA that there is no reason to believe that the *[Bank/Branch, delete as appropriate]* will not be a going concern in the year ahead; and, if that is not so, to disclose and explain the reasons for so reporting.

## *Our Responsibility and Summary of Our Work*

*[We completed our audit of the statutory financial statements of the [Bank/Branch, delete as appropriate] for the financial year ended [insert the year-end date], on which we issued an unmodified opinion [adjust as applicable] on [insert the date the auditor's/auditors' report was signed].]*<sup>55</sup>

OR

*[The audit of the statutory financial statements of the [Bank/Branch, delete as appropriate] for the financial year ended [insert the year-end date] has been completed, on which an independent auditor from [specify the firm entity and country which performed the engagement, e.g. the ABC London Plc Firm or XYZ Swaziland Firm, etc.] issued an unmodified opinion [adjust as applicable] on [insert the date the auditor's/auditors' report was signed].]*

For the purpose of *[our/the]*<sup>56</sup> audit of those statutory financial statements and for the purposes of our Part A report, *[we/specify the firm entity which performed the engagement, e.g. the ABC London Plc Firm or XYZ Swaziland Firm, etc.]*<sup>57</sup> considered the appropriateness of the *[directors'/branch executive management's]* use of the going concern assumption for preparation of those statutory financial statements; and whether there were identified events or conditions and related business risks that gave rise to a material uncertainty that may cast significant doubt on the *[Bank's/Branch's, delete as appropriate]* ability to continue as (a) going concern(s) in the year ahead. The *[auditor/auditors, delete as appropriate]* cannot predict future events or conditions that may cause the *[Bank/Branch, delete as appropriate]* to cease to continue as (a) going concern(s). Accordingly, the absence of any reference in the *[Bank's/Branch's, delete as appropriate]* audited statutory financial statements and in *[our/the]*<sup>58</sup> *[auditor's/auditors', delete as appropriate]* report on those statutory financial statements to a material uncertainty in relation to going concern is not a guarantee as to the *[Bank's/Branch's, delete as appropriate]* ability to continue as a going concern in the year ahead.

We have read the annual report made by the *[directors/branch executive management, delete as appropriate]* under Regulation 40(4)(b) and we have exercised our professional judgement in the context of *[our/the]*<sup>59</sup> work performed for the purpose of completing *[our/the]*<sup>60</sup> audit(s) of the *[Bank's/Branch's, delete as appropriate]* statutory

---

<sup>55</sup> Tailor as applicable, depending on the financial statements issued per the relevant statutory reporting requirements of the reporting entity. The statutory financial statements should be appropriately identified, based on the manner in which the entities report. Where no financial statements are prepared, refer to another source of information, such as the special purpose financial information used.

<sup>56</sup> Refer to footnote 5.

<sup>57</sup> Refer to footnote 5.

<sup>58</sup> Refer to footnote 5.

<sup>59</sup> Refer to footnote 5.

<sup>60</sup> Refer to footnote 5.

financial statements described above, for the purpose of reporting to the PA under Regulation 40(4)(d).

*[In line with the scope of our work described above and pursuant to Regulation 40(4)(d), we have no matters to report.*

OR

*In line with the scope of our work described above and pursuant to Regulation 40(4)(d), we report that the following matter has/matters have come to our attention:*

- *[Insert the matter(s) or reference to the matter(s)], delete and amend as appropriate.]*

### **Restriction on Use and Distribution**

This report is provided solely for the purpose of meeting our responsibility to report to the PA, as indicated above. Our report is not suitable for another purpose and should not be distributed to or used by any other parties other than the PA and the *[directors/branch executive management, board, sub-committee chairpersons, management, regulatory reporting management, delete as appropriate]* of the *[Bank/Branch, delete as appropriate]*.

## **Appendix A to Report H(2)**

*Relevant extracts from the annual reports made by the [directors/branch executive management, delete as appropriate] to the PA, in accordance with Regulation 40(4) (a) and (b).*