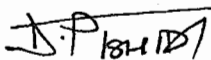


BOARD NOTICE 64 OF 2008**FINANCIAL SERVICES BOARD****PENSION FUNDS ACT, 1956 (ACT NO. 24 OF 1956)****SCHEDULE I****REPORT OF THE INDEPENDENT AUDITORS RETIREMENT ANNUITY FUNDS, UMBRELLA FUNDS AND PRESERVATION FUNDS**

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

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

Appendix A

RETIREMENT ANNUITY FUNDS

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

Scope

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

Procedures and Findings

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

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

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

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

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