

FSCA COMMUNICATION 14 OF 2022 (RF)

Further clarification of the use of certain prescribed formats for preparing financial statements under section 15 of the Pension Funds Act, 1956

1. Purpose

The purpose of this communication is to clarify to stakeholders the Financial Sector Conduct Authority's ("Authority") view on, and acceptance of, the use of certain prescribed formats for preparing financial statements under section 15 of the Pension Funds Act, 1956 notwithstanding FSCA RF Notice 5 of 2022: Exemption of Retirement funds from using certain prescribed formats for preparing financial statements under section 15 of the Pension Funds Act, 1956, 2022 ("the exemption") published on 14 April 2022.

2. Background

- 2.1 On 14 April 2022, the Authority published FSCA Communication 12 of 2022 and FSCA RF Notice 5 of 2022. The exemption exempted funds from using certain formats (as prescribed under paragraph 3(2)(a),(b) and (c) of Board Notice 77, as published in Government Gazette 37844 of 18 July 2014) when preparing financial statements, on the condition that such funds use the Revised Illustrative Section 15 Retirement Fund Agreed-upon Procedures Reports ("the revised report formats"), as approved by the Independent Regulatory Board for Auditors ("IRBA").
- 2.2 The IRBA effective date for the use of the revised report formats applies to all 'Agreed-Upon Procedures' engagement letters signed on or after 1 January 2022.
- 2.2 In terms of FSCA RF Notice 5 of 2022, the Authority's exemption applies to all financial year ends beginning after 1 January 2022.
- 2.3 These dates remain unchanged.

3. The Authority's view on the use of the previous formats

- 3.1 It came to the Authority's attention that some funds with financial year ends ending in the first three months of 2022 (up to and including 31 March 2022) have completed most of their preparations for the Agreed-Upon Procedures engagement by the time the Authority's issued the exemption on 14 April 2022. This led to a significant number of queries from these fund as to whether these preparations will be accepted by the Authority. The Authority will allow deviations from the specified sample selection criteria, but still expect compliance with the International Standard on Related Services (ISRS) 4400 (Revised), *Agreed-Upon Procedures Engagements*¹, for example: agree the sample with the board of fund.

¹ The International Standard on Related Services (ISRS) 4400 (Revised), *Agreed-Upon Procedures Engagements* (ISRS 4400 (Revised)) was adopted, prescribed and issued by the IRBA Board on 29 October 2020. ISRS 4400 (Revised) is effective for Agreed-Upon Procedures (AUP) engagements for which the terms of engagement are agreed on or after 1 January 2022.

- 3.2 In instances where funds delayed their preparations pending the revised illustrative Section 15 Retirement Fund Agreed-Upon Procedures reports in respect of the financial year ends referenced in paragraph 3.1 above, these funds may apply for an extension of time from the Authority to submit their reports. An application for extension can be made online via the Authority's website at www.fsca.co.za available at *Home < Regulated Entities < E-Services < Retirement Funds*. Please note that this communication is **not a general extension** and funds must still apply online on a case-by-case basis, using the Authority's online submissions portal referencing this Communication.

4. Enquiries

For further information regarding this Communication please contact the Authority by emailing Ms. Wilma Mokupo at Wilma.Mokupo@fsca.co.za.



OB MAKHUBELA
DIVISIONAL EXECUTIVE: RETIREMENT FUNDS SUPERVISION

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