



GUIDELINE 001/2007

Assurance Engagement

Guide for Credit Providers

September 2007

This document is available from www.ncr.org.za

SUMMARY

Guideline in respect of the Assurance Engagement Report

This document constitutes guidelines issued by the National Credit Regulator, in terms of section 16 (1)(b) of the National Credit Act and Regulations 67 and 68.

This guideline is intended for credit providers who are by law required to appoint a registered auditor to perform an audit of its annual financial statements. This guideline is not applicable to credit providers who are not required by law to appoint a registered auditor to conduct an audit of its annual financial statements.

This document provides guidelines on the assurance engagement and the subsequent report that must be prepared by the auditor for submission to the credit provider and the National Credit Regulator.

These guidelines should be read with the relevant sections of the National Credit Act and Regulations.

These guidelines may be updated from time to time. Credit Providers will be informed of such changes by e-mail, fax or mail, to the address provided by the credit provider as per the NCR records. The updated guidelines will be placed on the NCR website.

For further information, please contact the responsible registration officer at the Registrations Department of the NCR.

CONTENTS

1	Introduction.....	4
2	Guideline.....	4
2.1	Purpose of the Assurance Engagement	4
2.2	Procedures to be performed	4
2.3	Format of the Assurance Engagement report	5
3	Effective dates and schedule for submission	5
4	More information.....	5

1 Introduction

In terms of Regulations 67 and 68 issued under the National Credit Act, 34 of 2005 (the Act), a credit provider must appoint an auditor or accounting officer to conduct an assurance engagement. This assurance engagement must be performed in accordance with guidelines issued by the National Credit Regulator.

This guideline applies to credit providers who have appointed a registered auditor (RA), registered with the Independent Regulatory Board for Auditors (IRBA), to perform an audit of its annual financial statements.

This guideline is not applicable to credit providers who are not required by law to appoint a registered auditor.

2 Guideline

2.1 Purpose of the Assurance Engagement

The purpose of the assurance engagement is to identify matters which constitute non-compliance with the Act and Regulations and which may have a material affect on the annual financial statements. These matters must be reported by the auditor to the Board of Directors and Management of the credit provider and to the National Credit Regulator in the manner set out in this guideline.

2.2 Procedures to be performed

The auditor is required to perform an audit of the annual financial statements in accordance with International Standards on Auditing. At the completion of the audit, an auditor must report on non-compliance with the Act and Regulations. Such report may be limited to non-compliance which may have a material affect on the annual financial statements. The National Credit Regulator does not require any additional audit procedures or enquiries to be performed for the purpose of this report, other than those performed during the normal course of the audit.

2.3 Format of the Assurance Engagement report

The Assurance Engagement report (the report) should identify matters that constitute non-compliance with the Act and Regulations and which have a material affect on the annual financial statements.

The format of the report is set out in Appendix A to this guideline.

3 Effective dates and schedule for submission

The report must be submitted by the credit provider to the National Credit Regulator within 6 months of the credit provider's financial year-end.

The reporting requirement in terms of Regulation 68 is effective from 1 June 2007. The first report based upon this assurance engagement must be issued in respect of financial years ending after 1 June 2007. The first report must cover the period from 1 June 2007 until the end of the financial year. Subsequent reports will be required annually and the reporting will be in respect of a full financial year.

Example: The first report for an entity with its financial year end in August 2007, will cover the three months from 1 June 2007 to 31 August 2007.

4 More information

For further information please contact the Registration Officer responsible for the registration of the credit provider.

APPENDIX A: ILLUSTRATIVE REPORT

The Board of directors

<Credit Provider>

<Insert Address>

And:

The National Credit Regulator

C/o The Registration Division

127 – 15th Road

Randjespark

Midrand

1685

Dear Sirs

REPORT OF THE INDEPENDENT AUDITORS OF [*NAME OF CREDIT PROVIDER*] TO THE BOARD OF DIRECTORS AND THE NATIONAL CREDIT REGULATOR (“THE NCR”) IN COMPLIANCE WITH REGULATION 68 OF THE REGULATIONS TO THE NATIONAL CREDIT ACT, 2006, (“THE REGULATIONS”)

Introduction

We have completed our audit of the annual financial statements of *<insert Name of Credit Provider>* (“the credit provider”) for the *<year/period>* ended *<insert year/period end date>*, on which we expressed an *<unmodified/modified>* audit opinion on *<insert date>*. Our audit was performed in accordance with International Standards on Auditing.

Our audit included a consideration of laws and regulations that may materially affect the annual financial statements of the credit provider, including non-compliance with provisions of the National Credit Act (the “Act”) and the Regulations.

As required by Regulation 68 in Gazette No. 28864 of 31 May 2006 and Guideline 001/2007 issued by the National Credit Regulator in September 2007, we relied on evidence obtained during the course of our audit of the financial statements in order to report non-compliance with the Act and Regulations identified during the audit, where such non-compliance may materially affect the annual financial statements of the credit provider.

Non-compliance with the Act or Regulations

We report that *<no /certain>*¹ matters relating to non-compliance with the Act and/or the Regulations have come to our attention:

[State matters, if applicable²]

Restriction on use and distribution

Our report is solely for the purpose set forth in the first paragraph of this report and for the information of the credit provider and the NCR. Our report is not to be used for any other purpose or to be distributed to any other parties without our prior written permission, except where this report may be required for any regulatory purposes in terms of the National Credit Act and / or the Regulations. This report relates only to the matters specified in the preceding paragraph, and not to any other matters arising from our audit that might have been reported to those charged with governance at the credit provider.

Yours faithfully

Name of Auditor

Registered Auditor

Director / Partner / Sole Practitioner³

¹ Delete whichever is not applicable

² Including any Reportable Irregularity reported to the Independent Regulatory Board for Auditors during the financial period in terms of Section 45 of the Auditing Profession Act, 2005, arising from non-compliance with the National Credit Act or Regulations

³ Delete whichever is not applicable