



South African Reserve Bank

From the Office of
the Registrar of Banks

G1/2010

2010-05-12

To: All banks, controlling companies, and auditors of banks or controlling companies

Banks Act Guidance Note 1/2010 issued in terms of section 6(5) of the Banks Act, 1990

Meetings to be held during the 2010 calendar year with audit committees and external auditors

Executive summary

This guidance note serves to inform all banks of the topics for the trilateral discussions to be held with the audit committees and external auditors during 2010.

1. Introduction

In order to assist this Office to discharge its responsibilities, the scope of the trilateral discussions with banks' audit committees and external auditors during 2010 will be broadened to also include the risk and capital management committee.

2. Format of discussions

Utilising the format outlined below, the chairpersons of the Audit committee and Risk and capital management committee, and the external auditors will be required to present on the following topics:

2.1 Part A - Audit Committee

2.1.1 Presentation by the External auditors / Audit committee on the key external audit findings in respect of the latest financial year-end that have been brought to the attention of the Audit committee (to be led by the External auditors / Audit committee - time duration 20 minutes)
(Note: The presentation should be comprehensive and cover all key findings, even if the Bank Supervision Department (BSD) has had sight of the external audit report.)

- 2.1.2 Presentation by Internal audit on the key internal audit findings in respect of the latest financial year-end that have been brought to the attention of the Audit committee (to be led by the Internal auditor / Audit committee - time duration 20 minutes)
(Note: The presentation should be comprehensive and cover all key findings, even if the BSD has had sight of internal audit reports.)
 - 2.1.3 External and Internal auditors to discuss key concerns regarding the bank's control environment (to be led by the External auditors / Internal auditor - time duration 20 minutes)
 - 2.1.4 Presentation by the External auditors on their findings regarding their reporting responsibilities in terms of the Regulations relating to Banks for the latest completed financial year: (to be led by the External auditors - time duration 15 minutes)
 - 2.1.4.1 Regulation 39
 - 2.1.4.2 Regulation 40
 - 2.1.4.3 Regulation 46
 - 2.1.5 Presentation by the External auditors on the items included in their latest year-end audit, as requested by the BSD (notwithstanding that the BSD might have had prior sight / discussions with the External auditors on the relevant findings) (to be led by the External auditors - time duration 20 minutes)
 - 2.1.6 Presentation by the chairperson of the Audit committee on the functioning of the Audit committee (time duration – 25 minutes):
 - 2.1.6.1 In respect of the past financial year
 - 2.1.6.1.1 Frequency and number of meetings
 - 2.1.6.1.2 Attendance of committee members
 - 2.1.6.1.3 Decisions taken and items discussed and finalised per meeting
 - 2.1.6.1.4 List of any significant outstanding items
- 2.2 Part B – Risk and Capital Management Committee
- Presentation by the chairperson of the Risk and capital management committee:
- 2.2.1 Functioning of the Risk and capital management committee during the past year (time duration - 20 minutes):
 - 2.2.1.1 Frequency and number of meetings
 - 2.2.1.2 Attendance of committee members

2.2.1.3 Decisions taken and items discussed and finalised per meeting

2.2.1.4 List of any significant outstanding items

2.2.1.5 Five key focus areas of the Risk Committee

2.2.2 Methodologies and practices followed to ensure compliance with section 64A (Risk and Capital Management Committee) of the Banks Act, 1990 (the Banks Act) (time duration – 20 minutes)

(Note: The presentation should cover each of the subsections of section 64A of the Banks Act)

2.2.3 Outcome of the annual formal risk assessment conducted in terms of section 64A(2)(d) (ensure formal risk assessment undertaken at least annually) of the Banks Act, action plans flowing therefrom and progress monitoring (time duration – 20 minutes)

3. Acknowledgement of receipt

Two additional copies of this Banks Act Guidance Note are enclosed for the use of your institutions' independent auditors. The attached acknowledgement of receipt, duly completed and signed by both the chief executive officer of the institution and the said auditors, should be returned to this Office at the earliest convenience of the aforementioned signatories.



E M Kruger
Registrar of Banks

The previous guidance note issued was Guidance Note 9/2008, dated 24 October 2008.