

Manual on SAAPS 6 Forms

This user manual summarizes SAAPS6 and discusses how it is applicable to Confirmation.com. The different form types are also discussed in this user manual.

What is a Bank Confirmation ?

The bank confirmation process during the course of a client audit is a means by which the auditor can receive evidence from an independent third-party regarding assertions that have been made by the client's management with respect to its financial statements. This procedure forms part of the International Standards on Auditing (ISAs) requirements.

What is SAAPS 6

This South African Auditing Practice Statement (SAAPS) 6 provides implementation guidance to auditors when using external confirmation procedures to obtain audit evidence, either manually or electronically, from financial institutions to meet the requirements of the International Standard on Auditing (ISA) 505 External Confirmations. Implementation of this SAAPS is not a substitute for applying all relevant ISAs. SAAPS 6 replaces the old SAAPS 1100.

Effective Date

This SAAPS is effective for external confirmation requests issued on or after 1 October 2013. [Click here](#) to download SAAPS 6 from the IRBA website.

Key SAAPS 6 Points

- **Electronic Confirmations:** Introduces electronic external confirmations; the suggested method for an auditor to request and obtain an external confirmation from a third party responder.
- **Form Structure/Format:** The previously lengthy manual external confirmation request form has been split up into nine individual form types, which will enable an auditor to select any of the nine forms and request information directly relevant to specific client circumstances.
- **Form Types:** (Refer to table below)
 - Assets
 - Liabilities
 - Contingent Liabilities and Guarantees
 - Authorised Transactors / Signatories List
 - Derivatives
 - Letter of Credit
 - Cash Management Systems
 - Bills
 - Securities
- **Risk Based Approach:** An auditor can now use professional judgement, based on the specific circumstances and risks of an entity, to choose which of the individual form types are relevant to the entity being audited. The selected forms can then be sent to the financial institution for external confirmation. (SAAPS 6, Appendix B, pg. 17)

Confirmation support details:

Region

South Africa & Sub Saharan Africa
 Asia Pacific
 UK & Europe
 USA & Global

Call

+27 10 494 1001 op 3
 +61 402 035 542
 +44 (0)203 757 6312
 +1 866 325 7201

Email

confirmations@adaptit.com
 info@apac.confirmation.com
 uk.support@confirmation.com
 customer.support@confirmation.com

- Completeness:** The auditor must no longer rely on the financial institution to address completeness of client account details; this assertion needs to be addressed by the auditor. Therefore, an auditor should not send one client account number for confirmation and expect the financial institution to list all client accounts/facilities. The financial institution will respond to the accounts listed/forms sent (SAAPS 6 Par 7 & 14-16). The SAAPS gives guidance through illustrative procedures that may be performed to address the risk of completeness of financial statement account balances. (SAAPS 6 Appendix A).

How Confirmation.com Forms Work

- The Confirmation.com forms have been structured to be in line with the questions from SAAPS 6 for each of the 9 form types.
- Depending on how information can be extracted from the bank systems, a form can be set up in 2 ways:
- Individual account basis** - The bank can only extract form details on an individual account basis. Auditors will therefore need to set up each account number as a separate form of the form type.
- Entity wide basis** - The bank can extract form details on an entity wide basis. Auditors can therefore send a single form of the form type using a main account number. As information is supplied on an entity wide basis all other account numbers do **NOT** need to be supplied. © CQS Confirmations (Pty) Ltd

Note: Refer to the guide on How Banks Respond per Form Type for a one-page user manual that depicts which financial institutions will respond to the different forms on an account by account or entity wide basis. [Click here](#) to view a guide on How Banks Respond per Form Type.

Form Types	Description
Assets	Provides information on balances, interest and collateral/security/facilities. An asset account is typically a current; cheque; deposit; saving; or investment etc. Note: The bank will provide overdraft information on the ZA - Asset form.
Liability	Provides information on balances, interest, borrowing agreements, covenant details and collateral / security / facilities. A liability account is typically loans; advances etc. Note: The bank will provide overdraft information on the ZA - Asset form. Only send a ZA - Asset form and not a ZA - Liability form for an account number that has an overdraft attached.
Contingent Liabilities and Guarantees	Provides information on written guarantees and other contingent liabilities.
Signatories	Provides a list of authorised signatories on the client account and documentation with regards to the power of attorney.
Derivative	Provides information on foreign exchange contracts and other derivative positions etc.
Letter of Credit	Asks questions in relation to a letter issued by a bank to another bank to serve as a guarantee for payments made to a specified person under specified conditions.
Cash Management Systems	Provides the list of linked accounts, in a system, at a financial institution where the balances are swept to a main account to accrue a higher interest return. Note: Account Balances are not provided; for balances use ZA - Asset / ZA - Liability form.

[Click here](#) for guidance on how to setup a form for Responders in South Africa.

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