

FAQs

1. Is there a specific format for the audit report?

You may wish to note that there is no standard form or template for the audit report. But the report

- (a) should cover the areas stipulated under sections 74 to 76 of the Pawnbrokers Act 2015; and
- (b) is signed off by a recognised accountant/auditor who is external to your company (i.e. the Pawnbroker) and is a member of one or more of the following professional accounting bodies:
 - (i) Association of Chartered Certified Accountants (ACCA);
 - (ii) Association of International Accountants (AIA);
 - (iii) Certified Practising Accountants Australia (CPA Australia);
 - (iv) Chartered Institute of Management Accountants (CIMA);
 - (v) Institute of Chartered Accountants in England and Wales (ICAEW);
 - (vi) Institute of Singapore Chartered Accountants (ISCA); and
 - (vii) The Institute of Company Accountants, Singapore (ICoMA).

The recognised accountant/auditor is required to audit your company's internal policies, procedures and controls ("PPCs") in order to assess their adequacy given the circumstances of the business, and to submit to the Registry a report of the assessment by 30th November 2017.

2. Can the audit report be prepared by an internal auditor of the Pawnbroker?

No, the audit report must be prepared by a professional accountant who is an external party to the Pawnbroker and who is not under the Pawnbroker's payroll. Please note that the Registrar has directed for the submission of this report pursuant to Section 34(1) of the Pawnbrokers Act 2015 ("the Act"). For the avoidance of doubt, the requirement for this report is over and above compliance with S.74(2)(e) of the Act.

3. Is it compulsory for a Pawnbroker to appoint an independent audit function, as required under Section 74(2)(e) of the Pawnbrokers Act 2015, before submitting the audit report to the Registrar? Can a Pawnbroker appoint the independent audit function after the submission of the report?

The Registrar's direction to submit the audit report is independent of the Pawnbroker's obligation under Section 74(2)(e) of the Pawnbrokers Act 2015. The said provision requires each Pawnbroker to maintain an independent audit function that is able to assess the PPCs

regularly. Although no specific timelines are mentioned, the Pawnbroker should be able to justify whether the regularity of its audits is adequate, which may depend on the circumstances of the business, changes to the risk environment, etc.

4. During the course of audit, can a Pawnbroker only offer one or two samples instead of a representative size of samples to carry out the assessment?

The Registry will leave this to the auditor to determine and justify whether the sample size is adequate depending on the circumstances of the business.

5. If a Pawnbroker has more than 1 branch, can he submit only 1 set of audit report to represent the whole entity?

The pawnbroker would only need to submit one audit report, provided that the branches are under the same entity (ie same UEN) and that the audit covered the operations of every such branch.

6. Will the Registry issue a confirmation of acceptance of the audit report?

As the audit will be sample-based and will not provide a comprehensive review of all relevant loans given, the absence of an adverse finding would not be conclusive in itself. For this reason, the Registry will not endorse a positive report as being “accepted”. However, where the report reveals gaps, the Registry will follow up with the pawnbroker to address these gaps.