

**DECREE**  
**of Národná banka Slovenska**  
**of 13 December 2019**  
**laying down the structure of an extended auditor's report for statutory**  
**audits of banks and branches of foreign banks**

Národná banka Slovenska, in accordance with Section 40(1)(c) and Section 42(2) of Act No 483/2001 on banks (and amending certain laws), as amended, has adopted this Decree:

**Section 1**

The structure of an extended auditor's report (hereinafter 'the report') in which a statutory auditor<sup>1</sup> (hereinafter 'the auditor') evaluates the facts established during the performance of a statutory audit<sup>2</sup> (hereinafter 'the audit') of a bank or foreign bank branch shall include the following parts:

- a) identification data pursuant to Section 2;
- b) auditor's information pursuant to Section 3;
- c) annexes pursuant to Section 4.

**Section 2**

In the part containing identification data, the report shall include:

- a) the name of the report;
- b) the recipient of the report;
- c) the business name and registered office address of the bank or foreign bank branch whose audit the auditor performs;
- d) the forename, surname and licence number of the auditor or the business name, registered office address and licence number of the audit firm;<sup>3</sup>
- e) the forenames, surnames and signatures of the responsible auditors who prepared the report and their licence numbers;
- f) the reporting period;
- g) the date of the report.

**Section 3**

(1) In the part containing the auditor's information, the report shall include:

- a) an overall assessment of the bank or foreign bank branch, including a description of the risks and their development over the calendar year;
- b) an overall assessment of the bank or foreign bank branch with regard to the performance of its activities, a description of significant risks that the auditor considers to be material in terms of the ability of the bank or foreign bank branch to continue as a going concern;
- c) the main findings of the audit;
- d) the auditor's identification and assessment of risks of material misstatement by the bank or foreign bank branch produced in accordance with an international auditing standard and with Section 4(d), and to which may be added the auditor's own verbal evaluation;
- e) a determination of materiality pursuant to the international auditing standard that the auditor took into account when performing the audit, such that specifies the reference values that the auditor took into account together with an explanation of how the materiality level was determined for the financial

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<sup>1</sup> Section 2(2) of Act No 423/2015 on statutory audit (and amending Act No 431/2002 on accounting), as amended.

<sup>2</sup> Section 2(1) and Sections 19 to 34 of Act No 423/2015.

<sup>3</sup> Section 2(3) of Act No 423/2015.

- statements of the bank or foreign bank branch as a whole;
- f) a summary of unreconciled differences pursuant to paragraph 2;
  - g) the unreconciled differences identified by the auditor in the sample of loans subject to verification;
  - h) other material findings of the auditor, such as, for example, significant bank transactions, and significant topics that were discussed with the statutory body of the bank or foreign bank branch but are not included in the additional audit report submitted to the bank's or foreign bank branch's audit committee pursuant to Section 4(a).

(2) For the purposes of this Decree, the unreconciled differences referred to in paragraph 1(f) and (g) mean identified and unreconciled differences between the data for a bank or foreign bank branch and the item-by-item data which are identified by the auditor and have an impact on the balance sheet or the profit and loss statement.

#### **Section 4**

In its annexes, the report shall include:

- a) the auditor's additional report submitted to the audit committee pursuant to other legislation<sup>4</sup> and drawn up in accordance with the methodology defined by the auditor pursuant to other legislation;<sup>5</sup>
- b) the auditor's letter containing recommendations to the statutory body of the bank or foreign bank branch, together with submissions by the bank or foreign bank branch which include information about the implementation of the auditor's recommendations from the previous period;
- c) a statement of the statutory body of the bank or foreign bank branch about the procedure followed by the bank or foreign bank branch in the preparation of its financial statements;
- d) the auditor's identification and assessment of risks of material misstatement by the bank or foreign bank branch produced according to the template provided in the Annex, which includes instructions for its preparation.

#### **Section 5**

The report and its annexes referred to in Section 4 shall be submitted electronically via the information system Statistics Collection Portal and with the identifier BaP (RSA) 1-01.

#### **Section 6**

This Decree repeals Decree No 14/2004 of Národná banka Slovenska of 26 November 2004 laying down the structure of an extended auditor's report for statutory audits of banks and branches of foreign banks (Notification No 674/2004).

#### **Section 7**

This Decree takes effect on 31 December 2019.

**Peter Kažimír [signed]**  
**Governor**

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<sup>4</sup> Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC (OJ L 158, 27.5.2014).  
Section 34 of Act No 423/2015.

<sup>5</sup> Article 11 of Regulation (EU) No 537/2014 of the European Parliament and of the Council.

Issuing unit:

Regulation Department  
Banking and Payment Services Regulation Section

Telephone: +421 2 5787 3301

Fax: +421 2 5787 1118



## **Methodology for the auditor's identification and assessment of the risks of material misstatement by a bank or foreign bank branch**

1. For the purposes of reporting items of identified risks of material misstatement, the key audit matters which form part of the auditor's opinion on the financial statements and the auditor's summation of other risks of material misstatement are to be stated in **column a**. Risks of material misstatement include, for example, the valuation of credit claims, deferred tax asset impairment testing, goodwill impairment testing, the valuation of other types of assets, litigation provisions and other reserves, and fraud and income from illegal activities. Not more than ten items are to be stated in **column a**.

2. For reporting purposes, events indicating risks of material misstatement are to be stated in **column b** where they constitute:

- a) a significant change in going concern and liquidity matters;
- b) a significant change in the financial sector;
- c) a significant change in regulatory requirements;
- d) a significant acquisition or reorganisation;
- e) a significant transaction with related parties;
- f) an accounting valuation that includes complex procedures;
- g) significant uncertainty in valuation, including in accounting estimates;
- h) pending litigation and contingent liabilities;
- i) a number of non-routine and non-systematic transactions;
- j) the non-recording of significant information;
- k) information systems and related processes.

One event from the events mentioned in points (a) to (k) is to be assigned to one of the items of identified risks of material misstatement listed in **column a**.

3. For the purposes of reporting in **column c**, the audit risk level is to be stated using the following numerical code:

- 1 - low level
- 2 - medium level
- 3 - high level

4. For the purposes of reporting the auditor's risk mitigation procedure, the audit risk mitigation methods and procedures which were applied in relation to a specific identified risk so as to reduce audit risks to as low a level as possible are to be stated in **column d**.

5. Abbreviations:

No – Row number