

Auditor Approval Forms

Information required by the Registrar of Medical Schemes in considering the approval of the appointment of an auditor of a medical scheme

Instructions for completion of the questionnaire

The form consists of three parts:

Part A Appointment by scheme

Part B Applicable to the audit firm

Part C Applicable to the responsible partner

“Responsible partner” means the auditor responsible for the effective functioning of all the phases in the audit and for exercising his/her professional judgement, based on the results of the audit procedure, to express an opinion on the fair presentation of the financial statements of the medical scheme.

The responsible partner should be specifically nominated by the firm being appointed, as the responsible partner on the audit of the medical scheme.

The responsible partner should complete the questionnaire and certify the contents as set out in the declaration on the last page of this document.

Space has been provided for any comments that the responsible partner might wish to make that could be relevant to the Registrar when considering the application for approval. Should the space provided not be sufficient, the detail can be provided on a separate page, duly cross-referenced to the relevant question.

Whilst the questions cover various criteria for qualifying or disqualifying audit firms for audit engagements of medical schemes, the criteria and replies thereto should not be regarded as an automatic qualification or disqualification or as exhaustive. The criteria have been made as objective as possible, but, naturally, a degree of subjectivity is still present in some criteria, and not all applicable criteria could be foreseen by the Registrar.

Furthermore, depending on the complexity and size of the audit of the relevant medical scheme, certain questions may not be appropriate. Where this is the case, the fact and reason for the question not being applicable should be stated.

Information required by the Registrar of Medical Schemes
in considering the approval of the appointment of an auditor
of a medical scheme

PART A : APPOINTMENT OF THE AUDITOR	
Appointment by scheme in terms section 36(1)	
1.	Name of scheme
2.	Financial period of appointment
3.	<p>Was the appointment approved by members at the AGM? <input type="checkbox"/> YES <input type="checkbox"/> NO</p> <p>Date of AGM</p> <p><i>(Attach relevant parts of the minutes of the AGM)</i></p> <p>If "NO", provide reasons</p> <p>.....</p> <p>.....</p> <p>.....</p>

Part B (To be completed in respect of the audit firm)	
I General objective: Administrative and firm profile information	
1.	Name of firm
2.	Business address (postal and physical), telephone and facsimile numbers

I	General objective: Administrative and firm profile information (continued)																								
3.	<p>Full name of responsible partner (including any former names) (The responsible partner should complete Part C of this questionnaire)</p> <p>.....</p> <p>.....</p>																								
4.	<p>Number of partners in your firm, number of partners in the office responsible for the assignment and names of key partners involved in the assignment. (Use separate page if necessary)</p> <p>.....</p> <p>.....</p> <p>.....</p>																								
5.	<p>Number of professional assistants in your firm and in the office responsible for the assignment</p> <p>.....</p> <p>.....</p>																								
6.	<p>Number of trainee accountants in your firm and in the office responsible for the assignment</p> <p>.....</p> <p>.....</p>																								
7.	<p>Details of medical schemes audited / to be audited</p> <table border="0"> <thead> <tr> <th><u>Name</u></th> <th><u>Ref No</u></th> <th><u>No of years engaged on audit</u></th> <th><u>Responsible Partner</u></th> </tr> </thead> <tbody> <tr><td>.....</td><td></td><td></td><td></td></tr> <tr><td>.....</td><td></td><td></td><td></td></tr> <tr><td>.....</td><td></td><td></td><td></td></tr> <tr><td>.....</td><td></td><td></td><td></td></tr> <tr><td>.....</td><td></td><td></td><td></td></tr> </tbody> </table>	<u>Name</u>	<u>Ref No</u>	<u>No of years engaged on audit</u>	<u>Responsible Partner</u>			
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II General objective: Independence of the firm																	
9.	<p>Please list procedures that your firm has performed to identify relationships, which may potentially impair or appear to impair independence.</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p>																
9.1	<p>Do you believe that your firm is organizationally independent from the medical scheme, or the group of which it is part, and able to maintain an objective frame of mind in fulfilling its audit responsibilities? (Please provide details)</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p>																
9.2	<p>Has your firm provided any of the following services to the medical scheme? (Y/N)</p> <table border="0"> <tr> <td>Administration of the scheme</td> <td>.....</td> </tr> <tr> <td>Managed care procedures</td> <td>.....</td> </tr> <tr> <td>Brokerage</td> <td>.....</td> </tr> <tr> <td>Set-up of computer systems</td> <td>.....</td> </tr> <tr> <td>Internal audit services</td> <td>.....</td> </tr> <tr> <td>Accounting Services</td> <td>.....</td> </tr> <tr> <td>Management consulting</td> <td>.....</td> </tr> <tr> <td>Any other non-audit services</td> <td>.....</td> </tr> </table> <p>If yes to any of the above, please expand on how independence has been managed</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p>	Administration of the scheme	Managed care procedures	Brokerage	Set-up of computer systems	Internal audit services	Accounting Services	Management consulting	Any other non-audit services
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9.3	<p>Do you provide any services to a third party that provides the following services to the scheme? If yes, please state the name, type of service provided and expand on how independence was managed. Also list the responsible partner for each.</p> <table border="1"> <thead> <tr> <th><u>SERVICE</u></th> <th><u>SERVICE PROVIDER</u></th> <th><u>SERVICE PROVIDED</u></th> <th><u>RESPONSIBLE PARTNER</u></th> </tr> </thead> <tbody> <tr><td>• Administration.....</td><td></td><td></td><td></td></tr> <tr><td>• Brokerage.....</td><td></td><td></td><td></td></tr> <tr><td>• Re-insurance.....</td><td></td><td></td><td></td></tr> <tr><td>• Consulting.....</td><td></td><td></td><td></td></tr> <tr><td>• Managed Care.....</td><td></td><td></td><td></td></tr> <tr><td>• Actuarial Services.....</td><td></td><td></td><td></td></tr> <tr><td>• Other Healthcare (e.g. providers)</td><td></td><td></td><td></td></tr> </tbody> </table>	<u>SERVICE</u>	<u>SERVICE PROVIDER</u>	<u>SERVICE PROVIDED</u>	<u>RESPONSIBLE PARTNER</u>	• Administration.....				• Brokerage.....				• Re-insurance.....				• Consulting.....				• Managed Care.....				• Actuarial Services.....				• Other Healthcare (e.g. providers)			
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9.4	<p>What percentage of your firm's total gross fees per annum are received (or will be received) directly or indirectly from the medical scheme, or <u>corporate account of the group</u> that the medical scheme is a part of. If part of a group, also provide detail of each statutory entity's percentage of the fees of that group. (<i>A "corporate account of the group" means the account of the scheme and it's related parties. If its a closed scheme, the account of the scheme and the sponsoring entity, usually an employer or union and, if its an open scheme, the account of the scheme and the sponsoring company, usually the administrator.</i>)</p> <p>.....</p> <p><u>(The Registrar has indicated that, as a rule of thumb, 10 per cent or more of the total gross fees could be regarded as a large portion. Should the percentage indicated above exceed 10 per cent, please provide a motivation as to why you regard it as not impairing the firm's independence, using a separate page if necessary.)</u></p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p>																																

III General objective: Professional proficiency of the firm	
10.	<p>Are you of the opinion that sufficient and relevant knowledge, skills and disciplines are available in your firm for the engagement in respect of the following:</p> <p>Statements of GAAP</p> <p>SAICA Accounting and Auditing Guide and Specimen Financial Statements of Medical Funds</p> <p>Statements of SAAS</p> <p>Medical Schemes Act No 131 of 1998, Regulations in terms of the Medical Schemes Act No 131 of 1998 and Circulars issued by the Council for Medical Schemes</p> <p>Inspection of Financial Institutions Act, 1998</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p>
11.	<p>Is the responsible partner qualified to act as auditor under the Public Accountant's and Auditor's Act</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p>
12.	<p>Please provide details of your firm's access to a technical department capable of researching new developments, in auditing and accounting standards, relating to the <u>medical schemes industry</u></p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p>

III General objective: Professional proficiency of the firm (continued)	
13.	<p>Please provide details of your firm's international links with auditors of similar institutions in other countries, in order to share information and expertise and to facilitate the audit of any cross-border activities of the medical scheme</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p>
14.	<p>Please provide details of your firm's access to adequately specialized training for auditors in the medical schemes industry</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p>
15.	<p>Please provide details of your firm's access to a library with up-to-date sources of all relevant statements, standards, legislation, regulations, literature, trends and developments within the medical schemes industry</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p>
16.	<p>Please provide details of your firm's access to a specialised unit, capable of auditing and assessing the adequacy and effectiveness of computerised systems</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p>

III General objective: Professional proficiency of the firm (continued)	
17.	<p>Does your firm have an audit approach, techniques and procedures designed to obtain reasonable assurance that misstatements arising from fraud and error that are material to the financial statements as a whole are detected? (Please provide details)</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p>
18.	<p>Please provide details of your firm's procedures to ensure that its audit approach is kept up to date with regard to developments in the profession and within the <u>medical schemes industry</u></p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p>
19.	<p>Please provide details of your firm's competent quality-assurance process that ensures that there is compliance with the firm's internal standards and any externally imposed standards</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p>
20.	<p>Please provide details of your firm's feasibility plans to staff the engagement such that there is effectiveness with respect to:</p> <p style="padding-left: 40px;">Staff continuity, and</p> <p style="padding-left: 40px;">Staff rotation</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p>

IV	General objective: Disqualification of the firm
21.	<p>Is the responsible partner qualified to act as auditor, specifically relating to the disqualification criteria stated in section 275 of the Companies Act, 1973?</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p>
22.	<p>Are there any pending or current lawsuits or professional liability suits against partners of the firm that the Registrar should be aware of? (Please provide details)</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p>
23.	<p>Has your firm previously been engaged by a regulatory authority to perform a special investigation on its behalf that failed to reveal a problem that was subsequently shown to exist? (Please provide details)</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p>
24.	<p>Does your firm have the knowledge to comply with all the special duties imposed by legislation on the auditor of the medical scheme, especially in terms of Chapter 7 of the Medical Schemes Act and Regulations 29 & 30 in terms of the same Act? (Please provide details)</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p>

Part C (To be completed by the responsible partner)

I General objective: Responsible partner information, qualifications and experience

1. Membership/reference number with SAICA and with the Public Accountants' and Auditors' Board (PAAB)

.....

2. Professional qualifications and year in which they were obtained. Provide a copy of your *curriculum vitae*.

.....

3. Occupation and employment during the past 10 years. While in auditing, indicate types of client, in particular how many in the medical schemes industry.

.....

4 Has your registration as a chartered accountant or professional accountant ever been suspended or have you ever been cautioned, reprimanded or fined by the PAAB or SAICA? (Please provide details)

.....

II	General objective: Responsible partner information, qualifications and experience (continued)
5.	<p>Please provide details of attendance of SAICA's workshops relating to the medical schemes industry</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p>
6.	<p>Are you on SAICA's mailing list for receiving documentation of the medical schemes industry?</p> <p>.....</p> <p>.....</p>
7.	<p>Do you have a copy of the relevant Acts, regulations and Registrar's circulars that are in force within the medical schemes industry, and ARE YOU AWARE of the contents thereof?</p> <p>.....</p> <p>.....</p>

II General objective: Independence of the responsible partner	
8.	<p>Do you believe that you are independent from the medical scheme, or the group of which it is part, and able to maintain an objective frame of mind in fulfilling your audit responsibilities? (Please provide details)</p> <p>.....</p> <p>.....</p>
8.1	<p>Do you believe that in, your provision of other consulting services, if any, to the medical scheme, you will be able to maintain an independent frame of mind in forming an opinion regarding the institution? (Please provide details)</p> <p>.....</p> <p>.....</p>
8.2	<p>Are you involved in the management or decision making process of the medical scheme, or are you associated with a service provider of the medical scheme? If yes, kindly provide a list of other than audit services provided to the MEDICAL SCHEME AND/OR SERVICE PROVIDER (e.g. re-insurer, administrator, managed healthcare organization) to the scheme, an indication of the extent of such services, as well as whether such services are carried out independently of the responsible partner. <i>(Actions such as being engaged in the preparation of the financial statements and statutory returns, involvement in the valuation of assets or liabilities for purpose of recording them in the financial statements, acting for the medical scheme in the resolution of litigation that may have a material impact on the financial statements, the design of computer systems, the rendering of internal audit services, or performance of services having a direct impact upon senior management, such as their recruitment, which could indicate involvement in the management of the medical scheme.)</i></p> <p>.....</p> <p>.....</p>
8.3	<p>Are you a member of the medical scheme?</p> <p>.....</p>
8.4	<p>Do you, as responsible partner, have (or intend having) a direct line of communication and a working relationship with the board of directors/trustees and audit committee where required by the medical scheme?</p> <p>.....</p>
8.5	<p>Is there anything known to you that will prevent the audit relationship from continuing to exist? If yes, please provide details.</p> <p>.....</p> <p>.....</p>

III General objective: Professional proficiency of the responsible partner	
9.	Do you, in your capacity of responsible partner, have access to the following resources:
9.1	Relevant knowledge, skills and disciplines, as contemplated in question 10 of Part B
9.2	Technical department, as contemplated in question 12 of part B?
9.3	International links with the auditors of similar institutions, as contemplated in question 13 of part B?
9.4	A library, as contemplated in question 15 of part B?
9.5	A specialised unit, as contemplated in question 16 of part B?
9.6	Knowledge, as contemplated in question 24 of Part B
10.	Are you, as responsible partner of the engagement, subject to external practice reviews?
11.	Are you, or will you be able, to show how all problems addressed in the most recent practice review reports have been subsequently resolved?
12.	Are you, as responsible partner of the engagement, subject to internal peer review from time to time by your partners with appropriate industry experience? (Please provide details)

IV General objective: Disqualification of the responsible partner	
13.	<p>Are you qualified to act as auditor specifically keeping in mind the disqualification criteria covered in section 275 of the Companies Act, 1973?</p> <p>.....</p> <p>.....</p>
14.	<p>Are there any pending or current lawsuits or professional liability suits pending against you that the Registrar should be aware of? (Please provide details)</p> <p>.....</p> <p>.....</p> <p>.....</p>
15.	<p>Have you ever been a responsible partner engaged by a regulatory authority to perform a special investigation on its behalf that failed to reveal a problem that was subsequently shown to exist? (Please provide details)</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p>
16.	<p>Have you ever been removed as responsible partner of a regulated institution by a regulatory authority? (Please provide details)</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p>

DECLARATION

I, the undersigned, the responsible partner of (name of medical scheme), certify that, to the best of my knowledge, the information given in answer to the above questions in Part A, B and C (indicate as applicable) is complete and accurate and not untrue or misleading in any respect.

I undertake, as long as I continue to be the partner responsible for the audit of the medical scheme, to notify the Registrar of Medical Schemes of any material changes to the answers to the questions above, inclusive of any disciplinary action instituted against me by not later than 21 days as from the day that such changes come to my attention.

Further, I undertake to report to the Registrar, in terms of Section 36 (5) (b), any matters relating to the affairs of the medical scheme of which I become aware in the performance of my functions as auditor and which, in my opinion as auditor, may prejudice the medical scheme's ability to comply with the Medical Schemes Act No. 131 of 1998 as amended read in conjunction with the Regulations.

Lastly, I undertake to report to the Registrar any material internal control weaknesses identified during the performance of the audit, which have remained unresolved for more than one audit period

Name of firm or partnership

Signed :

Date: