



## CIRCULAR

Reference: Accreditation standards: Auditors and IFRS advisers  
Contact person: Hellen Mahlke  
Tel: 012 431 0572  
Fax: 086 673 8505  
E-mail: [h.mahlake@medicalschemes.com](mailto:h.mahlake@medicalschemes.com)  
Date: 22 February 2016

### **CIRCULAR 17 OF 2016: Standards for Accreditation of Auditors and IFRS Advisers**

The Council for Medical Schemes (CMS) is embarking on a new process to accredit auditors who would like to conduct medical scheme audits. This proposed accreditation is similar to the one undertaken by the Johannesburg Stock Exchange (JSE) and thus, many of the concepts are comparable.

The purpose of this new system is to simplify the previous Auditor Approval process, where medical schemes and auditors were required to complete an Auditor Questionnaire on an annual basis for approval by the CMS. The proposed standards for accreditation and auditor approval application will:

- enhance the current process;
- provide more transparency;
- enhance objectivity and effectiveness; and
- ensure consistency.

The CMS has developed a set of standards for accreditation of audit firms, engagement partners and International Financial Reporting Standards (IFRS) advisers. The stakeholders will be required to meet these standards before accreditation for a period of three years is granted.

Accredited audit firms, engagement partners and IFRS advisers will be required to make annual declarations to CMS.

Medical schemes will only be able to appoint accredited auditors, a list of which will be published on the CMS website. Medical schemes will still need to annually appoint an auditor in terms of Section 36(2) of the Medical Schemes Act, 131 of 1998 (the Act) and submit such application to the CMS for the approval of the auditor by the Registrar.

The proposed accreditation standards include specific provisions for public interest entities (PIE). Although the Independent Regulatory Board for Auditors (IRBA) still has to finalise the definition of PIE, it is expected that some medical schemes will be included in the revised definition. Auditors who will be auditing medical schemes who are public interest entities will need to consider the additional independence requirement provisions, set out in the Code

of Professional Conduct for Registered Auditors (the Code). All auditors conducting PIE audits will also need to contract with, or employ an accredited IFRS adviser.

Currently medical schemes are excluded from the definition of a public interest entity and should be treated as such until the definition has been amended.

The purpose of this Circular is to give the industry an opportunity to provide the CMS with comments and suggestions in respect of the standards for accreditation of auditors, which can be accessed [here](#).

Inputs should be sent to the contact person as stated above by **18 March 2016**.

Your cooperation will be highly appreciated.



**Tebogo Maziya**  
**General Manager: Financial Supervision Unit**  
**Council for Medical Schemes**