CIRCULAR

Reference: 2013 Annual Statutory Return
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Circular 19 of 2014: Annual Statutory Returns for the financial year ended 31 December 2013

The Office of the Registrar of Medical Schemes (Office) has finalised the 2013 Annual Statutory Return online system, which is now available on our website (http://www.medicalschemes.com/Returns/login.aspx).

Schemes are referred to the 2013 Annual Statutory Return Help File, for detailed guidance on the completion of the Annual Statutory Return. It should be noted that the first page of the Help File provides a summary of the main changes to the 2013 Annual Statutory Return online system.

Please note that the statutory deadline for the submission of the 2013 Annual Statutory Return had been extended to 9 May 2014.

However, it should be noted that the Word document will only be available by 4 April 2014, i.e. schemes will not be able to generate draft or final documents before then. A communication will be published notifying schemes of the availability of this document.

Submission requirements

In terms of Section 37 of the Medical Schemes Act 131 of 1998 (Act), two sets of the following signed documentation must be physically submitted to the Office of the Registrar, to ensure a complete submission:

- 2013 Annual Statutory Return – with the watermark "Final for Signature MM/DD/YYYY";
- 2013 audited Annual Financial Statements;
- Board of Trustees' Report;
- If applicable, the letter of comfort from the administrator and co-administrator*;
- The auditor's management report to the Board of Trustees on the 2013 audit findings (the said report should include housekeeping issues for the Board of Trustees' attention); and
- Detailed investment schedules, including a breakdown of all the underlying assets per institution. The detailed investment schedules must reconcile back to the third party investment statements; copies of which must also be included in the submission. Please also refer to Circular 7 of 2005 in this regard (http://www.medicalschemes.com/files/Circulars/Circular7of2005.pdf).

**Where self-administered schemes pay any administration or co-administration fee, a letter of comfort from the relevant party must also be submitted.*

Signatories

The Principal Officer, Chairperson and one other trustee signatory must sign these documents, as is required in terms of Section 39 of the Act. Kindly note that the investment schedules should also be signed off by the Principal Officer.

Kindly note that the Office will regard the submission of the Annual Statutory Return documentation as incomplete if any of the documents are not signed as required.

In this regard, it is important to note that the signing authority of a Principal Officer and/or Chairperson can only be delegated to a suitable person appointed by the Board of Trustees. Further, the appointment of an acting Principal Officer should be in line with the provisions of Section 57(4) of the Act, and the appointment of an acting Chairperson in line with the rules of the scheme. Where applicable, a copy of the signed Board of Trustee resolution, where another person was appointed, should accompany the Annual Statutory Return submission.

Auditors' reports

The auditors are required to sign off on Parts 4-10, as well as on Part 11 of the Annual Statutory Return. The auditors are referred to the Guidelines issued on 21 February 2013 and 22 January 2010 respectively, which contain the templates for the two required audit reports as per Part 11 of the return.

The Office requires the auditor's report on the financial statements to be on the auditor's letterhead.

Categorisation of assets in terms of Annexure B to Regulation 30 of the Act

In order to provide guidance regarding the completion of Part 9(a): Assets Held in the Republic in Terms of Regulation 30 of the Act in Conjunction with Annexure B to the Regulations, the Office published lists of assets per category on our website.

Please note that these lists serve as a guideline only as the scheme will have more details available in respect of specific investments and the nature of the underlying assets. It should be noted that the purpose of these Guidelines is to provide guidance on the categorisation of assets in accordance with Annexure B to the Regulations, and not to highlight any non-compliance matters. Schemes should ensure compliance with not only the limitations imposed by Annexure B, but also the various Sections of the Act.

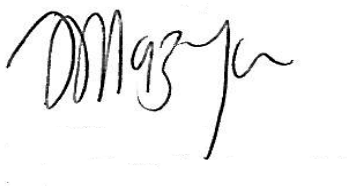
Please refer to our website (http://www.medicalschemes.com/Publications.aspx) for the following guidelines on the categorisation of assets in terms of Annexure B as at 31 December 2013:

- Categorisation of registered banks as at 31 December 2013 for Annexure B purposes;
- JSE listed securities as at 31 December 2013: classification for Annexure B purposes;
- BESA listed instruments as at 31 December 2013: classification for Annexure B purposes;
- List of authorised financial service providers as at 31 December 2013; and
- List of registered insurers as at 31 December 2013.

Kindly note that only Financial Advisory and Intermediary Services (FAIS)-registered entities are allowed to manage investments on behalf of a medical scheme. Investments managed by these registered entities should be accounted for in such entities' registered names in Part 1.4 question 6(h) and Part 9(b). Schemes are referred to the guideline listing all the registered financial service providers (as mentioned above), as well as to the website of the Financial Services Board (FSB) (www.fsb.co.za) for more detail on registered entities.

Your attention is drawn to the provisions of Section 66(3) of the Act, in terms of which any medical scheme which fails to furnish the Registrar with the prescribed documentation shall be liable to a penalty of R1,000 (one thousand rand) for every day that the failure continues. Please note that the deadline applies to the receipt of the signed documents by the office and not merely the electronic submission.

Your cooperation will be highly appreciated.



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