



## CIRCULAR

Reference: 2014 Annual Statutory Return  
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Date: 11 March 2015

### **Circular 19 of 2015: Annual Statutory Returns for the financial year ended 31 December 2014**

The Council for Medical Schemes (CMS) has finalised the 2014 Annual Statutory Return online system, which is now available on our website (<http://www.medicalschemes.com>Returns/login.aspx>).

Schemes are referred to the 2014 [Annual Statutory Return Help File](#), for detailed guidance on the completion of the Annual Statutory Return.

Please note that the deadline for the submission of the 2014 Annual Statutory Return is **30 April 2015**.

#### *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:

- 2014 Annual Statutory Return – with the watermark “Final for Signature MM/DD/YYYY”;
- 2014 audited Annual Financial Statements (AFS);
- Board of Trustees’ Report;
- Where the scheme’s rules allow for the distribution of summarised AFS or a highlights document to members, a copy of this document also needs to be submitted;
- If applicable, the letter of comfort from the administrator and co-administrator\*;
- The auditor’s management report to the Board of Trustees on the 2014 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 CMS 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 of the Annual Statutory Return, as well as to provide assurance regarding specific compliance matters as required in terms of Sections 36(5) and 36(8) of the Act.

Auditors are referred to the Guidelines issued on 27 November 2014, which contain the templates for the two required audit reports as per Part 3 of the return, as well as the template reports on the AFS and Summarised AFS.

CMS requires the auditor's report on the AFS 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 assistance 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, CMS published various guidelines on our website.

Please note that these publications 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 2014:

- Categorisation of registered banks as at 31 December 2014 for Annexure B purposes;
- JSE listed securities as at 31 December 2014: classification for Annexure B purposes;
- BESA listed instruments as at 31 December 2014: classification for Annexure B purposes;
- List of authorised financial service providers as at 31 December 2014; and

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- List of registered insurers as at 31 December 2014.

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](http://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.



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