



CIRCULAR

Reference : Auditor Questionnaire for 2014
Contact : Hellen Mahlke
Telephone : 012 431 0572
Facsimile : 012 431 0672
E-mail : h.mahlke@medicalschemes.com
Date : 2014/09/03

CIRCULAR 39 OF 2014: GENERAL NOTIFICATION: GENERAL CONCERNS NOTED DURING ANALYSIS OF 2014 AUDITOR QUESTIONNAIRES SUBMITTED IN TERMS OF SECTION 36(2) OF THE MEDICAL SCHEMES ACT

1. Introduction

1.1. Purpose

The Council for Medical Schemes ("the CMS") would like to express its appreciation to medical schemes and auditors for the cooperation provided in submitting the 2014 auditor questionnaires within the period required by Circular 29 of 2014.

The purpose of this Circular is to bring to your attention the common problems and issues identified during the analysis of the auditor questionnaires in order to:

- Enhance the quality information submitted in the questionnaire and
- Reduce or eliminate errors.

1.2. Background

The review of auditor questionnaires completion has highlighted a number of discrepancies in the information being furnished. The scheme users and auditors are requested to address these matters in future submissions.

2. Key areas of concerns

Submission of documents:

Circular 29 of 2014 stipulated documents which must be submitted to the Office of the Registrar to ensure complete submission. In some instances the following documents were not submitted with the questionnaire:

- A letter from the scheme confirming the name of the audit firm and the engagement partner.
- Annual General Meeting (AGM) minutes or extract of the minutes indicating the appointment or re-appointment of an audit firm, or a resolution by the Board of Trustees as per the scheme's rules.
- Reports in terms of section 36(5)(c) where applicable.

Failure to submit these documents in the future will result in the medical scheme being penalised.

Completion of the questionnaire:

- The selection of the incorrect type of appointment.

There are currently four categories of appointments in Part A of the questionnaire which can be selected:

Type 1: Is it re-appointment of an audit firm and engagement partner?

Type 2: Is it a new appointment of audit firm?

Type 3: Is it an appointment of a new engagement partner?

Type 4: Is it an approval required by the Registrar?

In most cases, type 1 was selected even where the engagement partner had changed and the scheme should have selected type 3. Schemes are required to in future pay attention when selecting the type of appointment.

- Part B (3a) and Part B 3(b) questions were not completed. In future, these questions will be made capture fields on the online questionnaire and a submission will not be possible should these parts not be completed.
- Part B II question 4(c) requires the audit firm to indicate what percentage of the regional office's gross fees per annum are received or (will be received) directly or indirectly from the medical scheme, or corporate account of the group that the medical scheme is a part of. Some responses were not satisfactory as the question requires that details be provided.
- Type 1- re-appointment of an audit firm and engagement partner.
Selection of a Type 1 appointment initiates a roll-over of the previous year's information in respect of Parts B and C of the online questionnaire. However, the timing of interim audit procedures and proposed audit timetables in Part C (II) 13 (b) and 13(c) were not amended to reflect the current year's dates. The questionnaire was unlocked for audit firms to correct this. In future, information contained in these parts will not be rolled over.

CMS is looking forward to improved completion of the auditor questionnaire in the future and highly appreciates your co-operation.



Tebogo Maziya

Head: Financial Supervision Unit
Council for Medical Schemes