



CIRCULAR

Reference: Auditor report templates
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Circular 49 of 2016: Prescribed auditor report templates

This Circular serves to inform all stakeholders that the prescribed auditor report templates effective for the 2016 financial year have been published by the Council for Medical Schemes (CMS).

The reports have been amended to be aligned with the new and revised Auditor Reporting Standards, as well as the revised International Standards of Auditing (ISA).

These statutory required auditor reports have been developed by the CMS in consultation with the Independent Regulatory Board for Auditors' (IRBA) Committee for Auditing Standard's (CFAS) Medical Schemes Task Group, which includes auditors of medical schemes.

1. [ISA 700 \(Revised\) auditor report template](#)

Section 37(2) of the Medical Schemes Act of South Africa (the Act) requires an auditor to report on a medical scheme's annual financial statements (AFS).

Circular 65 of 2015 requires the auditors of medical schemes in terms of Sections 36(5)(d) and 37(2) of the Act to report on Key Audit Matters.

The ISA 700 (Revised) report provides reasonable assurance that the AFS were prepared, in all material respects, in accordance with the International Financial Reporting Standards and the requirements of the Act.

All non-compliance matters, which are considered to be material by an auditor, should be reported on under the sub-heading "Report on Other Legal and Regulatory Requirements". Where no material instances of non-compliance have come to an auditor's attention, a statement to this effect should be made.

2. ISA 800 (Revised) and ISRE 2410 combined auditor report template (Part 3A to the 2015 Annual Statutory Return)

This auditor report provides assurance through an audit of Parts 4 – 10 of the Annual Statutory Return (the Return), and a review on Part 6.2 of the Return of a scheme, that these have been prepared in all material respects in accordance with the provisions of the Act, related Regulations, the Guidance Manual for the completion of the Return and the applicable Circulars issued by the CMS.

This report originates from the following sections in the Act:

- Section 36(8), which states that the auditor should certify whether any return or statement which he or she is required to examine in terms of Chapter 7 (Financial Matters) of the Act, complies with the requirements of the Act and whether it presents fairly the matters dealt with therein, as if such return or statement were a financial statement;
- Section 37(2), which inter alia states that the AFS shall consist of “(e) such other returns as the Registrar may require”, which in this case is the Return;
- As the Return is deemed to be part of the AFS, it is required to be audited in terms of Section 37(3); and
- Section 39(3), which requires all documents that are submitted to be audited.

The audit is performed using ISA 800 (Revised) and the review is performed using ISRE 2410. The auditor report is restricted to the financial information contained in Parts 4 – 10 of the Return.

3. ISAE 3000 (Revised) auditor report template (Part 3B to the 2015 Annual Statutory Return)

This auditor report template is the format in which the CMS requires an auditor to report on *all* non-compliance matters by a medical scheme, which an auditor becomes aware of in the performance of the his/her functions as an auditor, as required by Sections 36(5)(b) and 36(8)(b) of the Act.

These sections are limited to the financial aspects of the Act which an auditor will address in the auditor’s normal audit procedures.

It should be noted that for purposes of this auditor report, materiality is set as one, as all non-compliance matters need to be reported to the CMS.

4. [ISA 810 \(Revised\) auditor report template](#)

Some schemes distribute summary AFS to their members in terms of the Scheme Rules. The format and disclosure contained in these summary AFS are prescribed in Circular 6 of 2013.

These summarised AFS are subjected to an engagement conducted in terms of ISA 810 (Revised).

The above-mentioned auditor report templates are effective for year-ends of medical schemes on and after 31 December 2016.



Tebogo Maziya
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