



Principal Officers
Boards of Trustees
Statutory Return users
Auditors
Other stakeholders

Ref: Audit reports to the AR
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Date: 20 January 2010

Circular 5 of 2010: Audit reports to the Annual Statutory Return

During the past few years, the Office of the Registrar (Office) has noted that auditors are using incorrect audit report templates when reporting on the Annual Statutory Return.

The Office has published the following guidelines in this respect:

Nr	Guideline name	Description of guideline
61	Part 11(a) of the Annual Statutory Return: ISA 800 report	<p>This audit report template certifies that Parts 4 to 10 of the Return of the scheme have been prepared in all material respects in accordance with the provisions of the Medical Schemes Act 131 of 1998 (Act) and related Regulations.</p> <p>This report originates from the following sections in the Act:</p> <ul style="list-style-type: none"> Section 36(8) 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; and Section 37(2) inter alia states that the Annual Financial Statements (AFS) shall consist out of "(e) such other returns as the Registrar may require", which in this case is the Annual Statutory Return. <p>As the Annual Statutory Return is deemed to be part of the AFS, it is required to be audited in terms of section 37(3).</p> <p>The ISA 800 audit report is restricted to the financial information contained in Parts 4 – 10 of the Return.</p>
62	Part 11(b) of the Annual Statutory Return: ISAE 3000	In accordance with section 36(5)(b) of the Act the auditor is required to inform the Registrar in writing of <u>any</u> non-compliance by a scheme of which



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	report	<p>he or she became aware in the performance of his or her functions as auditor.</p> <p>This report constitutes the form in which the Office requires it to be submitted. Again the sections were limited (as per consultation and deliberation with the South African Institute of Chartered Accountants) to the financial aspects of the Act which the auditor will address in his or her normal audit procedures.</p> <p>This is report is also a tool used by the Office to assist and direct auditors to the relevant financial sections of the Act, that require particular attention.</p>

Auditors are reminded of the declaration they signed in the auditor approval questionnaire, in which they undertook to report to the Office any material internal control weaknesses identified during the performance of the audit, which have remained unresolved for more than one audit period.

Schemes are required to submit the auditor's Report to the Board of Trustees on their audit findings to the Office as part of their Annual Financial Statements submission. This report is inclusive of all audit findings, including housekeeping issues. In instances where there were no issues identified, resulting in no such report being issued, a letter from the auditor indicating such, should be submitted instead.

Your cooperation will be highly appreciated.

Tebogo Maziya
Head: Financial Supervision
COUNCIL FOR MEDICAL SCHEMES