

Auditor Approval Questionnaire

Information required by the Registrar of Medical Schemes in considering the approval of the appointment/reappointment of an auditor of a medical scheme

Instructions for completion of the questionnaire

The form consists of four parts:

Part A Appointment by scheme

Part B Applicable to the audit firm

Part C Applicable to the Scheme completed by the engagement partner who is responsible and accountable for the audit

Part D Applicable to the engagement partner

“Engagement partner” means the auditor responsible for the effective functioning of all the phases in the audit and for exercising his/her professional judgement, based on the results of the audit procedure, to express an opinion on the fair presentation of the financial statements of the medical scheme.

The engagement partner should be specifically nominated by the firm being appointed, as the engagement partner on the audit of the medical scheme.

The engagement partner should complete the questionnaire and certify the contents as set out in the declaration on the last page of this document.

Space has been provided for any comments that the engagement partner might wish to make that could be relevant to the Registrar when considering the application for approval. Should



the space provided not be sufficient, the detail can be provided on a separate page, duly cross-referenced to the relevant question.

Whilst the questions cover various criteria for qualifying or disqualifying audit firms for audit engagements of medical schemes, the criteria and replies thereto should not be regarded as an automatic qualification or disqualification or as exhaustive. The criteria have been made as objective as possible, but, naturally, a degree of subjectivity is still present in some criteria, and not all applicable criteria could be foreseen by the Registrar.

Furthermore, depending on the complexity and size of the audit of the relevant medical scheme, certain questions may not be appropriate. Where this is the case, the fact and reason for the question not being applicable should be stated.



COUNCIL FOR MEDICAL SCHEMES

Information required by the Registrar of Medical Schemes in considering the approval of the appointment/reappointment of an auditor of a medical scheme

PART A : APPOINTMENT OF THE AUDITOR	
Appointment by scheme in terms section 36(1)	
1.	Name of medical scheme
2.	Financial period of auditor appointment
3.	Was the appointment of auditor approved by members at the AGM? Date of AGM (Attach relevant parts of the minutes of the AGM) If "NO", provide reasons and copies of minutes authorising the appointment
4(a).	<ul style="list-style-type: none">○ Is it a reappointment of audit firm and engagement partner? – (1)○ Is it a new appointment of audit firm? – (2)○ Is it a new appointment of engagement partner? – (3)○ Is it an approval specifically required by the Registrar? – (4) Appointment Type:
4(b).	Has the engagement partner changed <i>(In terms of Section 45(1) of the Auditing Profession Act No. 26 of 2005, an individual registered auditor referred to in section 44(1)(a) of an entity that is satisfied or has reason to believe that a reportable irregularity has taken place or is taking place in respect of that entity must, without delay, send a written report to the regulatory Board. The regulatory Board must as soon as possible after receipt of a report containing a statement of reportable irregularities, notify any appropriate regulator in writing of the details of the reportable irregularities to which the repost relates and provide it with a copy of the report.)</i>



Part B (To be completed in respect of the audit firm)

Part B I General objective: Administrative and firm profile information

1.	Name of firm						
2(a).	Business address (postal and physical) <u>Postal Address</u> <u>Physical Address</u>						
2(b).	Telephone (Work) (Cell)						
2(c).	Facsimile numbers						
3(a).	History of medical schemes <u>audited</u> by the firm in the past 10 years. <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr> <th style="width: 50%;">Scheme name</th> <th style="width: 15%;">Ref. No.</th> <th style="width: 35%;">No. of years engaged on audit</th> </tr> </thead> <tbody> <tr> <td style="height: 40px;"></td> <td></td> <td></td> </tr> </tbody> </table>	Scheme name	Ref. No.	No. of years engaged on audit			
Scheme name	Ref. No.	No. of years engaged on audit					
3(b).	Details of medical schemes to be audited in the current financial year (<i>Appointed at AGM but not yet approved by Registrar</i>) <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr> <th style="width: 50%;">Scheme name</th> <th style="width: 15%;">Ref. No.</th> <th style="width: 35%;">Engagement Partner</th> </tr> </thead> <tbody> <tr> <td style="height: 40px;"></td> <td></td> <td></td> </tr> </tbody> </table>	Scheme name	Ref. No.	Engagement Partner			
Scheme name	Ref. No.	Engagement Partner					



Part B (To be completed in respect of the audit firm)

Part B II General objective: Independence of the firm

- | | |
|----|---|
| 4. | Please list procedures that your firm has performed to identify relationships, which may potentially impair or appear to impair independence. <i>(If the applicant firm has a specific independence letter that deals with matters addressed in Part C II question 4, please attach the aforementioned)</i> |
|----|---|



Part B (To be completed in respect of the audit firm)

Part B III General objective: Professional proficiency of the firm

5.	<p>Please provide details of how sufficient and relevant knowledge, skills and disciplines are obtained in your firm for the engagement in respect of the following (In-house/ Outsourced):</p> <ul style="list-style-type: none"> Statements of IFRS SAICA Medical Schemes Accounting and Auditing Guide and Specimen Financial Statements of Medical Funds Statements of International Standards on Auditing and other auditing pronouncements issued by the IRBA Medical Schemes Act No 131 of 1998, Regulations in terms of the Medical Schemes Act No 131 of 1998 and Circulars issued by the Council for Medical Schemes Financial Advisory and Intermediary Services Act (Act 37 of 2002) General medical schemes industry knowledge 												
6	<p>Does your firm have a technical department capable of researching new developments in auditing and accounting standards and changes to the legislative environment relating to medical schemes</p> <p>If "NO", please provide detail of how technical details are researched.</p>												
7(a)	<p>Does your firm have a specialised unit, capable of auditing and assessing the adequacy and effectiveness of computerised systems</p> <p>If "NO", please provide detail of processes in place by your firm enabling it to place reliance on computerised system controls.</p>												
7(b).	<p>Please provide details on the extent to which Computer Assisted Audit Techniques are utilised during medical scheme audits</p>												
8.	<p>Please provide details of your firm's plans and methodologies to staff the engagement such that there is effectiveness with respect to:</p> <table border="1" style="width: 100%; margin-top: 10px; border-collapse: collapse;"> <thead> <tr> <th style="width: 25%;"></th> <th style="width: 25%;">Partner</th> <th style="width: 25%;">Manager</th> <th style="width: 25%;">Team</th> </tr> </thead> <tbody> <tr> <td style="height: 20px;"></td> <td></td> <td></td> <td></td> </tr> <tr> <td style="height: 20px;"></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>		Partner	Manager	Team								
	Partner	Manager	Team										



Part C (To be completed by the engagement partner for the scheme)**Part C I General objective: Administrative and firm profile information**

1.	Full name of engagement partner <i>(including any former names)</i> <i>(The engagement partner should complete Part D of this questionnaire)</i>
2(a).	Full name of concurrent review partner <i>(including former names if applicable)</i>
2(b).	Full name of IT audit partner responsible for the specific assignment
2(c).	Full name(s) of any other partner(s) involved in the specific assignment
2(d)	Please furnish reasons where no designated partner has been appointed for any of the above
3.	Number and capacity of team responsible for the specific assignment <i>(i.e. manager(s), audit senior(s) and audit trainee(s))</i>



Part C (To be completed by the engagement partner for the scheme)

Part C II General objective: Independence of the firm

4(a).	<p>Has your firm provided any of the following services to the medical scheme?</p> <table border="1" data-bbox="303 369 1420 840"> <thead> <tr> <th data-bbox="303 369 766 414">Yes/No</th><th data-bbox="766 369 1420 414">Details</th></tr> </thead> <tbody> <tr><td></td><td>Administration of the scheme</td></tr> <tr><td></td><td>Managed care procedures</td></tr> <tr><td></td><td>Brokerage</td></tr> <tr><td></td><td>Set-up of computer systems</td></tr> <tr><td></td><td>Internal audit services</td></tr> <tr><td></td><td>Accounting Services</td></tr> <tr><td></td><td>Management consulting</td></tr> <tr><td></td><td>Any other non-audit services</td></tr> </tbody> </table> <p>If yes to any of the above, please expand on how independence has been managed. In the case of firms that maintain a national registry, please note that the responsible office is obliged to furnish the relevant information.</p>	Yes/No	Details		Administration of the scheme		Managed care procedures		Brokerage		Set-up of computer systems		Internal audit services		Accounting Services		Management consulting		Any other non-audit services
Yes/No	Details																		
	Administration of the scheme																		
	Managed care procedures																		
	Brokerage																		
	Set-up of computer systems																		
	Internal audit services																		
	Accounting Services																		
	Management consulting																		
	Any other non-audit services																		
4(b)(i).	<p>Does your firm provide any services to a third party that provides the following services to the scheme? If yes, please state the name, type of service provided.</p> <table border="1" data-bbox="303 1265 1436 1377"> <thead> <tr> <th data-bbox="303 1265 550 1310">Service</th><th data-bbox="550 1265 837 1310">Service provider</th><th data-bbox="837 1265 1125 1310">Service provided</th><th data-bbox="1125 1265 1436 1310">Engagement Partner</th></tr> </thead> <tbody> <tr> <td></td><td></td><td></td><td></td></tr> </tbody> </table>	Service	Service provider	Service provided	Engagement Partner														
Service	Service provider	Service provided	Engagement Partner																
4(b)(ii).	Please explain how independence was managed.																		



Part C (To be completed by the engagement partner for the scheme)

Part C II General objective: Independence of the firm

- 4(c). What percentage of your regional office's total 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. If part of a group, also provide detail of each statutory entity's percentage of the fees of that group. *(A "corporate account of the group" means the account of the scheme and its related parties. If it is a closed scheme, the account of the scheme and the sponsoring entity, usually an employer or union and, if it is an open scheme, the account of the scheme and the sponsoring company, usually the administrator.)*
- (The Registrar has indicated that, as a rule of thumb, 10 per cent or more of the total gross fees could be regarded as a large portion. Should the percentage indicated above exceed 10 per cent, please provide a motivation as to why you regard it as not impairing the firm's independence. Use a separate page if necessary.)*



Part C (To be completed by the engagement partner for the scheme)

Part C III General objective: Independence of the partner

5.	Are you independent from the medical scheme, or any of its related parties, and able to maintain an objective frame of mind in fulfilling your audit responsibilities? <i>(Please provide details)</i>					
6(a).	Are you a member of the medical scheme?					
6(b).	<p>Are you involved in the management or decision making process of the medical scheme, or are you associated with a service provider of the medical scheme? If yes, kindly provide a list of other than audit services provided to the MEDICAL SCHEME AND/OR SERVICE PROVIDER (e.g. re-insurer, administrator, managed healthcare organisation), an indication of the extent of such services, as well as whether such services are carried out independently of the engagement partner. <i>(Actions such as being engaged in the preparation of the financial statements and statutory returns, involvement in the valuation of assets or liabilities for purpose of recording them in the financial statements, acting for the medical scheme in the resolution of litigation that may have a material impact on the financial statements, the design of computer systems, the rendering of internal audit services, or performance of services having a direct impact upon senior management, such as their recruitment, which could indicate involvement in the management of the medical scheme.)</i></p> <table border="1"> <thead> <tr> <th>Other Services</th> <th>Extent of other services</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> </tr> </tbody> </table>		Other Services	Extent of other services		
Other Services	Extent of other services					



Part D (To be completed by the engagement partner that is responsible and accountable for the audit)

Part D I General objective: Engagement partner information, qualifications and experience

1.	Membership/reference number with <ul style="list-style-type: none"> • SAICA • and with the Independent Regulatory Board for Auditors (IRBA)
2.	Professional qualifications and year in which they were obtained.
3.	Occupation and employment during the past 10 years. While in auditing, please indicate type(s) of client(s); in particular how many in the medical schemes industry.
4.	Has your registration as a registered auditor/ chartered accountant/ professional accountant ever been suspended or have you ever been cautioned, reprimanded or fined by the IRBA or SAICA? <i>(Please provide details)</i>
5(a).	Please provide details of attendance (<i>date; topic</i>) of workshops/ training sessions relating to the medical schemes industry whether in-house or arranged by external parties.
5(b).	Please provide details of attendance of workshops/ training sessions relating to accounting and auditing statement updates that has relevance to the audit of the medical schemes.
6.	Are you included on the mailing list of IRBA and SAICA for receiving documentation and updates on the medical schemes industry and any other matters that are relevant to the medical scheme industry?



Part D (To be completed by the engagement partner that is responsible and accountable for the audit)

Part D I General objective: Engagement partner information, qualifications and experience

- | | |
|----|--|
| 7. | <p>Please provide details of how sufficient and relevant knowledge, skills and disciplines are obtained in your firm for the engagement in respect of the following (In-house/ Outsourced):</p> <ul style="list-style-type: none">• Statements of IFRS• SAICA Medical Schemes Accounting and Auditing Guide and Specimen Financial Statements of Medical Funds• Statements of International Standards on Auditing and other auditing pronouncements issued by the IRBA• Medical Schemes Act No 131 of 1998, Regulations in terms of the Medical Schemes Act No 131 of 1998 and Circulars issued by the Council for Medical Schemes• Financial Advisory and Intermediary Services Act (Act 37 of 2002)• General medical scheme industry knowledge. |
|----|--|



Part D (To be completed by the engagement partner)

Part D II General objective: Professional proficiency of the engagement partner

8(a). When were you, as the responsible engagement partner, subject to external practice reviews?
(performed by firm and or IRBA)

8(b). Were any concerns raised? If yes please provide details on nature of concerns; and how they were addressed.

9(a). In the case of audit partners responsible for multiple medical scheme engagements, the following information is required for each audit engagement:

Name of medical schemes to be audited this year	Delegated audit manager	Approximate number of team members involved

9(b). Please elaborate on the timing of interim audit procedures performed on the respective schemes, including an outline of the procedures followed and extent of testing involved (please attach a separate page if necessary)

Name of medical schemes to be audited this year	Timing of interim audit procedures	Outline of procedures	Extent of testing

9(c). Please furnish details on the proposed audit timetable for individual schemes being audited. Please include information on any potential overlap in the timing of the different audits, as well as the procedures in place to ensure that the quality of the audit(s) is not compromised (please attach a separate page if necessary)

Name of medical schemes to be audited this year	Proposed audit time table	Potential overlap	Procedures to ensure quality



Part D (To be completed by the engagement partner)

Part D III General objective: Disqualification of the engagement partner

10.	<p>Are you qualified to act as auditor specifically keeping in mind the disqualification criteria covered in section 275 of the Companies Act, 1973?</p> <p>If "NO", please provide detail.</p>
11.	<p>Are there any pending or current lawsuits or professional liability suits (not only relating to medical schemes) pending against you?</p> <p>If "YES", <i>(Please provide details)</i>.</p>
12.	<p>Have you ever been the engagement partner engaged by a regulatory authority to perform an assignment on its behalf that failed to reveal a problem that was subsequently shown to exist?</p> <p>If "YES", <i>(Please provide details)</i>.</p>
13.	<p>Have you ever been removed as engagement partner of a regulated institution by a regulatory authority?</p> <p>If "YES", <i>(Please provide details)</i>.</p>



DECLARATION

I, the undersigned, the engagement partner of _____, certify that, to the best of my knowledge, the information given in answer to the above questions in Part A, B ,C and D (indicate as applicable) is complete and accurate and not untrue or misleading in any respect.

I undertake, as long as I continue to be the registered auditor responsible for the audit of the medical scheme, to notify the Registrar of Medical Schemes of any material changes to the answers to the questions above, inclusive of any disciplinary action instituted against me by not later than 21 days as from the day that such changes come to my attention.

Further, I undertake to report to the Registrar, in terms of Section 36 (5) (b), any matters relating to the affairs of the medical scheme of which I become aware in the performance of my functions as auditor and which, in my opinion as auditor, may prejudice the medical scheme's ability to comply with the Medical Schemes Act No. 131 of 1998, as amended, read in conjunction with the Regulations.

Lastly, I undertake to report to the Registrar any material internal control weaknesses identified during the performance of the audit, which have remained unresolved for more than one audit period

Name of firm or partnership:

Name of engagement partner:

Signed:.....

(Please note that the engagement partner applying for approval as the scheme auditor also needs to sign this part in his/her personal capacity)

Date:.....



The following list should only be marked by auditors, for schemes which had **reappointments** and those that are **required by the Registrar** to apply for approval. (Please tick the box only where you have edited a specific answer i.e. where an answer has changed from the previous year's questionnaire).

Part A – Appointment of the auditor

Question 1	
Question 2	
Question 3	
Question 4 (a)	
Question 4 (b)	

Part B I – General objectives: Administrative and firm profile information

Question 1	
Question 2 (a)	
Question 2 (b)	
Question 2 (c)	
Question 3(a)	
Question 3(b)	

Part B II - General objectives: Independence of firm

Question 4	
------------	--

Part B III - General objective: Professional proficiency of the firm

Question 5	
Question 6	
Question 7(a)	
Question 7(b)	
Question 8	



Part C I - General objectives: Administrative and firm profile information	
Question 1	
Question 2(a)	
Question 2(b)	
Question 2(c)	
Question 2(d)	
Question 3	
Part C II - General objectives: Independence of firm	
Question 4(a)	
Question 4(b)(i)	
Question 4(b)(ii)	
Question 4(c)	
Part C III - General objectives: Independence of the partner	
Question 5	
Question 6 (a)	
Question 6(b)	
Part DI - General objectives: Engagement partner information, qualification and experience	
Question 1	
Question 2	
Question 3	
Question 4	
Question 5 (a)	
Question 5 (b)	
Question 6	
Question 7	



Part D II - General objective: Professional proficiency of the engagement partner	
Question 8(a)	
Question 8(b)	
Question 9(a)	
Question 9(b)	
Question 9(c)	
Part D III - General objective: Disqualification of the engagement partner	
Question 10	
Question 11	
Question 12	
Question 13	

