



CIRCULAR

Reference: 2020 Annual Statutory Return
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Circular 16 of 2021: Annual Statutory Returns for the financial year ended 31 December 2020

The Council for Medical Schemes (CMS) has finalised the 2020 Annual Statutory Return online system, which is now available on our website on this [link](#).

It should be noted that the Word document will only be available at a later stage therefore schemes will not be able to generate draft or final documents before then. Communication will be sent once the document becomes available.

Please note that the deadlines for the submission of the 2020 Annual Statutory Return are:

- Part 1 changes must be finalised by **2 April 2021***
- Electronically signed submission of the Annual Statutory Return via the statutory return portal must occur by **27 April 2021****

*It is important that the information captured in Part 1 is correct as some of it is linked (i.e. pulled through) to other parts of the return. Incorrect details may therefore result in errors in the return and the SignFlow process.

** The hard copy submission is no longer necessary.

Submission requirements

In terms of Section 37 of the Medical Schemes Act 131 of 1998 (the Act), the following electronically signed documentation must be submitted to the Office of the Registrar, to ensure a complete submission:

- 2020 Annual Statutory Return signed via the SignFlow process
- Board of Trustees' Report*
- 2020 audited financial statements*
- Auditor's report on the financial statements*
(CMS requires the auditor's report on the AFS to be on the auditor's letterhead)
- ISA 800 and ISRE 2410 auditor report*
- ISAE 3000 auditor report*
- The auditor's management report to the Board of Trustees on the 2020 audit findings (the said report should include housekeeping issues for the Board of Trustees' attention)
- If applicable, the letter of comfort from the administrator and co-administrator**
- Declaration of conflicts of interest from asset managers
- [Reconciliation between detailed third party investment schedules and data captured per part 9\(a\)](#)
Please also refer to [Circular 7 of 2005](#) in this regard.
It is envisaged that an accurate and complete Part 9B would in future replace this submission requirement.
- Detailed third party investment schedules

** The online system makes provision for these documents to be uploaded after the final submission of the annual statutory return to facilitate the simultaneous signing of these documents. The scheme would need to request CMS to unlock the return to upload the documents, after which the online return system would again need to be submitted.*

***Where self-administered schemes pay any administration or co-administration fee, a letter of comfort from the relevant party must also be submitted.*

The above-mentioned documents must be electronically uploaded on Parts 11.1 and 11.2 in the Annual Statutory Return. The deadline for the electronic submission of all these documents is 27 April 2021.

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.

If any of the documents are not signed as required, the CMS will regard the submission of the Annual Statutory Return documentation as incomplete.

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.

The Principal Officer and/or Chairperson would be able to create a proxy on Sign Flow to redirect the signature to the relevant person appointed. Should the Principal Officer and/or Chairperson no longer be available to

create the proxy, the scheme must send the contact details of the relevant signatory for the attention of the Financial Supervision Unit to allow for the bypass of the Sign Flow to the relevant signatory.

The auditor is required to electronically sign the annual statutory return. It is important to note that the auditor's signature is for identification purposes only (it is also indicated as such on the signature page).

Help Files and Guidelines available

Schemes are referred to the 2020 [Annual Statutory Return Help File](#), for detailed guidance on the completion of the Annual Statutory Return.

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, the CMS published various guidelines on its website, in this regard. 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. Supporting documentation attesting to the new classification must be submitted in the event where a scheme categorises any investment in Part 9 differently from the categorisation provided for in the guidelines.

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.

The following guidelines on the categorisation of assets in terms of Annexure B as at 31 December 2020 are available on our website:

- [Registered banks as at 31 December 2020](#)
- [Securities listed on the JSE as at 31 December 2020](#)
- [Bonds listed on the JSE Debt Market as at 31 December 2020](#)
- [ASISA list of Collective Investment Schemes as at 30 September 2020](#)
- [Registered Financial Service Providers as at 31 December 2020](#)
- [Registered insurers as at 31 December 2020](#)

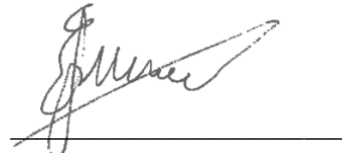
Kindly note that only Financial Advisory and Intermediary Services (FAIS) - registered entities are allowed to manage investments on behalf of a medical scheme. Investments managed by these registered entities should be accounted for in such entities' registered names in Part 1.4 question 6(g) and Part 9(b). Schemes are referred to the guideline listing all the authorised Financial Service Providers (as mentioned above), as well as to the website of the Financial Sector Conduct Authority (FSCA) for more detail on registered entities.

The CMS has also published the following documents to aid in the identification of Sections 35(8)(c) and (d) non-compliance issues:

- [Accredited third-party administrators and their holding companies as at 31 December 2020](#)
- [Accredited administrators and its accredited managed care organisations as at 31 December 2020](#)

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 R1,400 (one thousand four hundred rand) for every day that the non-compliance continues.

Your cooperation will be highly appreciated.



Ms Elizabeth Figueiredo
Acting General Manager: Financial Supervision Unit
Council for Medical Schemes