



Standards for Authorisation of Auditors for Medical Schemes

Version 1: March 2021

Standards for authorisation of Auditors

Table of contents

1. Authorisation of auditors and IFRS advisors	3
2. Public interest entities	3
3. General Eligibility Criteria	3
4. The application process	5
5. Designation	6
6. Continuing requirements	6
7. Declaration and undertaking	7
8. Addendum	11
9. References	20

Standards for authorisation of Auditors

1. Authorisation of auditors and IFRS advisors

Section 36(2) of the Medical Schemes Act, No. 131 of 1998 (the Act) states that “*the appointment of an auditor shall not take effect unless it has been approved by the Registrar, subject to such conditions as he or she may deem fit*”.

The purpose of these standards is to set out the authorisation requirements of the Registrar of Medical Schemes (Registrar) pertaining to the eligibility criteria for audit firms, individual auditors and International Financial Reporting Standards (IFRS) advisors. In addition, it contains procedures to be followed in order to be authorised by the Registrar and be entered onto the Council for Medical Schemes (CMS) list of authorised auditors and IFRS advisors.

These standards contain conditions applicable to the authorisation of audit firms, individual auditors and IFRS advisors. The authorisation will be granted for the audit of three financial years.

Medical schemes are required to appoint auditors from the list of authorised auditors and IFRS advisors on an annual basis and such appointment is subject to the approval of the Registrar. No auditor will be eligible for appointment if they are not authorised by the Registrar.

2. Public interest entities

In terms of the Independent Regulatory Board for Auditors (IRBA) Code of Professional Conduct for Registered Auditors (the Code) medical schemes that are open to the public (commonly referred to as “open medical schemes”) or are restricted schemes with a large number of members are considered to be public interest entities (PIE). Restricted medical schemes with a large number of members are determined as those schemes with beneficiaries greater than 65 000.

Section 290 of the Code contains additional independence provisions when the audit or review client is a public interest entity; such provisions should be taken into consideration in the declaration made by the audit firm (see paragraph 7 - Declaration and undertaking).

3. General Eligibility Criteria

3.1. The audit firm, individual auditor and IFRS advisor must:

- Comply with the specific criteria set out below for the area (auditor or IFRS advisor) in which it is applying to be authorised;
- To the satisfaction of the Registrar, be suitable to fulfil the responsibility that it wishes to undertake; such suitability shall be determined based on an assessment of information contained in the audit firm, individual auditor or IFRS advisor’s application for authorisation and annual declaration; with a view to ensuring that the integrity of the medical schemes are upheld; and
- Where the audit firm, individual auditor or IFRS advisor has previously been denied authorisation or has been removed from the CMS’ list of authorised auditors and their advisors, the applicant should demonstrate, to the satisfaction of the Registrar, that they are now suitable to be entered on the CMS list of authorised auditors and their advisors, and that such authorisation will not harm the integrity of the medical schemes.

Should the audit firm, individual auditor and IFRS advisor not meet the criteria as set out below, the Registrar will exercise discretion in authorising the applicant, or withdrawing an applicant’s authorisation where applicable.

Standards for authorisation of Auditors

3.2. Criteria applicable to the audit firm

- In the event that the IRBA has completed a firm-wide inspection of a firm's system of quality control and/or individual audit engagement file inspection in terms of Section 47 of the Auditing Profession Act, 2005 (Act 26 of 2005), as amended, the audit firm must submit the IRBA firm decision letter as well as the firm's executive summary to the Registrar. This also applies to instances where the firm has been issued with a letter where the inspection was confined to selected individual audit engagement files. The Registrar will take into consideration the outcome of the IRBA inspection when reviewing the firm's authorisation.
 - Where the audit firm's recent inspection has only been confined to selected individual audit engagement files, individual auditors who are subject to the standards will be assessed in their individual capacity.
 - Should the IRBA not have completed a firm-wide independent quality control (ISQC1) review on the audit firm, a letter from the audit firm should be attached to the authorisation application.
 - The audit firm must nominate a primary contact person within the audit firm tasked with the responsibility of application for authorisation of auditors with the Registrar, and to deal with general communication with the Registrar on matters relating to the auditors. The audit firm must inform the Registrar of any changes regarding the primary contact person.
 - All IFRS advisors used during external audit of medical schemes must be authorised by the Registrar.

3.3. Criteria applicable to the individual auditor

- In the event that the IRBA has completed an engagement inspection for the individual auditor, the most recent IRBA engagement inspection decision letter as well as the inspection report detailing the summary of findings must be submitted to the Registrar. The Registrar will take into consideration the outcome of the IRBA inspection when reviewing the individual auditor's authorisation.
- Alternatively, if the IRBA has not completed an engagement inspection as set out in the preceding paragraph in respect of an individual auditor, a letter from the auditor should be attached to the authorisation application.
- The individual auditor must confirm to the Registrar that they are familiar with the specific auditing and financial reporting requirements applicable to medical schemes, as well as the legislation pertinent to medical schemes.
- The individual auditor must be a registered auditor as well as a qualified chartered accountant (CA (SA)) with the minimum Continuing Professional Development (CPD) hours as required by IRBA.

3.4. Eligibility criteria for IFRS advisors

A person applying to be authorised as an IFRS advisor must confirm and provide the Registrar with adequate information to demonstrate that:

- 3.4.1. They have spent the following minimum required hours on performing practical and interpretive IFRS consulting over the past 12 months in order to have a comprehensive working knowledge of IFRS, familiarising themselves with the South African Institute of Chartered Accountants' (SAICA) Medical Schemes Accounting Guide and Circulars issued by the CMS to identify industry specific disclosure requirements:
 - At least 800 hours at an individual level; or
 - If the individual is part of an IFRS advisory group, at least 500 hours per individual in the group. In such an instance every individual must indicate that they have specialised in different standards in such a manner that would satisfy the Registrar that the group's

Standards for authorisation of Auditors

combined 1 000 hours' knowledge is at least equivalent to that of a single individual with 800 hours.

- 3.4.2. They have access to a network of other IFRS advisors to adequately assist and advise on IFRS matters.
- 3.4.3. They are a member in good standing of a recognised professional body in South Africa, which body has a code of ethics and disciplinary rules, to which such member is subject, and which it regulates, or that they are registered with IRBA / SAICA.
- 3.4.4. Time spent on any other financial reporting framework, including IFRS for SMEs, will not be considered in ascertaining whether this requirement has been met. Time spent on IFRS for SMEs is not considered due to its simplifications and exclusion of complex IFRS. The Registrar may undertake an assessment of the applicant's IFRS work previously performed in order to satisfy itself as to the acceptability of the IFRS advisor. The IFRS consulting referred to in paragraph 3.4.1 above must include a combination of the following:
 - The review of financial statements before being issued to assess IFRS compliance;
 - Advising internal or external clients on the interpretation and/or application of IFRS in so far as recognition, measurement and disclosure of transactions are concerned;
 - Providing practical training to internal or external clients on the application and interpretation of existing, revised and new IFRS;
 - Providing input/comments on the SAICA Medical Schemes Accounting Guide; and
 - Other practical matters insofar as IFRS is concerned.

4. The application process

4.1. Applications

In order to authorise the audit firm, individual auditor and IFRS advisor, the following must be submitted to the CMS for assessment:

- The electronically signed online authorisation application forms which can be accessed from the Auditor authorisation/approval portal under the CMS website [CMS Portal - Please login](#).
- The electronically signed online declaration forms which can be accessed from the authorisation portal under the CMS website, as set out in the addendum to these standards, with the required supporting documentation;
- Proof of payment of the relevant administration fees; and
- Other documents where applicable, which will be communicated via Circular.

The authorisation/approval portal is an online system where auditors and IFRS advisors can apply for authorisation at any time throughout the year. However, in order to be able to conduct an audit for a specific financial year, the audit firm, individual auditor or IFRS advisor will be required to meet a deadline for submission of applications for authorisation which will be communicated to the industry by means of a Circular. Failure to submit the relevant documentation will result in the audit firm and/or individual auditor and/or IFRS advisors' authorisation application not being considered.

4.2. Application feedback

The Registrar will advise the applicant of the result of the application in writing. The applicant will be issued with a unique authorisation number once the authorisation application is approved and their name published on the website.

Standards for authorisation of Auditors

4.3. Fees

- The administration fees payable on initial application and subsequent renewal are as follows:

	Audit firm	Individual auditor	IFRS advisor
Fee payable:	R5 000	R2 500	R2 500

- If the administration fee is not paid, the audit firm, individual auditor and IFRS advisor's application will not be processed.

4.4. Publication of authorised audit firms, individual auditors and IFRS advisors:

A list of all authorised audit firms, individual auditors and IFRS advisors will be published on the CMS website.

5. Designation

An audit firm, individual auditor and IFRS advisor authorised by the CMS and entered onto the CMS list of authorised auditors and their advisors will be entitled, but not required, to state on its business documentation that it is authorised by the CMS, citing its unique authorisation number.

6. Continuing requirements

6.1. The audit firm and individual auditor must inform the Registrar, within 5 working days of receiving notification of the following:

- The outcome of an audit firm inspection or engagement inspection performed by the IRBA together with the decision letter as well as the inspection report detailing the summary of findings from the IRBA;
- That the audit firm or individual auditor was party to (either by advising or signing off on financial statements or other information prior to publication) an investigation that resulted in a conclusion that the medical scheme's financial statements or other information were not in compliance with IFRS;
- That the individual auditor is no longer employed or associated with the firm and their name should be removed from the authorisation list;
- That the audit firm or individual auditor, or the previous auditor in an instance where there was a change in auditor, issued an audit or review opinion on information that was subsequently amended;
- The outcome of any legal or disciplinary processes of any professional body of which audit firm or individual auditor is a member or regulator to which it is accountable; and
- Any other matter that may be of relevance to the audit firm or individual auditor's ongoing obligations and responsibilities in terms of the Act.

6.2. An auditor is required to furnish the Registrar with a copy of both the first and second reports of an auditor furnished to the IRBA in terms of section 45 of the Auditing Profession Act, per section 36(5)(a) of the Act.

6.3. Submit the report required in terms of Section 36(5)(c) of the Act to the Registrar.

6.4. Where the Registrar is of the opinion or has become aware that an auditor and the IFRS advisor:

- Has contravened, or failed to adhere to, the provisions of the Act;

Standards for authorisation of Auditors

- The financial statements which they previously expressed opinion on, have been rejected in accordance with Section 38 of the MSA;
- Is no longer found to be independent from the medical scheme or conflict of interest has arisen;
- Was investigated and found guilty in terms of a regulatory review or disciplinary process of the IRBA, another regulator or any professional body of which they are a member or was suspended/disqualified as an auditor;
- Was investigated and / or found guilty of and / or paid a fine and / or was sanctioned in any manner for a breach of the law; or
- Was convicted, whether in South Africa or elsewhere, or found guilty of theft, fraud, forgery, uttering a forged document, perjury, an offence under the Prevention and Combating of Corrupt Activities Act (No. 12 of 2004), or any offence involving dishonesty.

The Registrar may:

- Refer the matter to the IRBA or in the instance of an IFRS advisor refer the matter to the individual's professional body; in which case the authorisation will be pended until a final outcome of the matter has been communicated to the Registrar.¹
- Advise the audit committee of the medical scheme; and / or
- Pend, terminate or reject the authorisation and remove the name of the auditor or IFRS advisor from the CMS list of authorised Auditors and IFRS advisors.

7. Declaration and undertaking

7.1. Audit firm

- On initial application for authorisation and thereafter on an annual basis, the audit firm's senior representative (the senior representative is any individual who is in charge of the medical schemes audits from the audit firm, i.e. Industry/Sector Leader etc.) of the audit firm must provide the Registrar with a signed declaration, as set out in the addendum to these standards, stating that:
- Every individual auditor detailed in the application meets all the eligibility criteria set out in paragraph 3.3 above;
- The firm is independent from its medical schemes assurance clients and satisfied that there are no conflicts of interest. In respect of PIE the firm has complied with the additional independence provisions imposed by Section 290 of the Code. Where any conflicts of interest have been identified sufficient safeguards have been put in place to ensure that the principle of independence has not been impaired;
- The firm has experience auditing medical schemes;
- The audit firm has established procedures and taken appropriate steps to ensure that every individual auditor detailed in the application is familiar with the specific auditing and financial reporting requirements applicable to medical schemes, as well as the legislation pertinent to medical schemes, which includes the following (not limited to this):
 - ❖ Statements of International Financial Reporting Standards including International Accounting Standards;

Standards for authorisation of Auditors

- ❖ SAICA Medical Schemes Accounting Guide;
- ❖ Auditing Profession Act and Rules regarding the improper conduct and Code of Professional Conduct for Registered Auditors;
- ❖ Statements of International Standards on Auditing and other auditing pronouncements issued by the IRBA;
- ❖ IRBA Guide for Registered Auditors on Engagements on the Annual Financial Statements and Annual Statutory Returns of a Medical Scheme;
- ❖ Medical Schemes Act, No. 131 of 1998, as well as the Regulations and Annexures thereto;
- ❖ Circulars issued by the CMS; and
- ❖ Other legislation that may be pertinent, such as:
 - Consumer Protection Act, 2008;
 - Financial Advisory and Intermediary Services Act, 2002, as amended;
 - Financial Institutions (Protection of Funds) Act, 2001;
 - Financial Intelligence Centre Act, 2001, as amended;
 - National Credit Act, 2005;
 - Prescription Act, 1969, as amended;
 - Protection of Personal Information Act 4 of 2013; and
 - Trust Property Control Act, 1988, as amended.
- The audit firm has provided the Registrar with the latest IRBA audit firm decision letter and will notify the Registrar of the outcome of any current or future firm and / or engagement inspection by IRBA of any individual auditors authorised on the CMS list of authorised auditors.
- For inspections that are completed subsequent to the authorisation application, such notification, together with the IRBA decision letter, will be submitted to the Registrar within 5 working days of receiving the IRBA decision letter in this regard.
- In the event that the IRBA has not completed a firm-wide independent quality control (ISQC1) review on the audit firm, a letter from the audit firm should be attached to the authorisation application.
- The Registrar shall use the outcome of the review and any relevant information to review the ongoing authorisation of the audit firm and/ or the individual auditor in terms of these standards, paragraphs 3.2;
- The audit firm has, where necessary, employed/contracted a CMS authorised IFRS advisor in performing the external audit of a medical schemes;
- Undertakes to notify the Registrar, within 5 working days, of any of the matters set out in paragraphs paragraph 6.1 of these standards in which it or its individual auditors authorised with the CMS are involved;
- Confirm that all Reportable Irregularities (see paragraph 6.2) were reported to the Registrar;
- Confirm that all reports required in terms of Section 36(5)(c) of the Act (see paragraph 6.3) were submitted to the Registrar;
- The audit firm gives the Registrar permission to obtain information and consult with professional bodies to whom it belongs and, in matters that are of relevance to the CMS;
- The signed application must also:

Standards for authorisation of Auditors

- ❖ Contain a list of all current medical schemes external assurance clients;
- ❖ Contain a list of all current medical schemes (internal assurance and other services) clients;
- ❖ Contain a list of the individual auditors to be auditing medical schemes; and
- ❖ Provide details of any individual auditor not renewing authorisation with the Registrar and the reasons thereof.

7.2. Individual auditor

When applying for authorisation, the individual auditor must provide the Registrar with a detailed curriculum vitae, any other deemed relevant supporting documents as well as a signed online declaration form, as set out in the addendum to these standards, stating that they:

- Meet all the criteria applicable to the individual auditor;
- Have experience auditing medical schemes;
- Confirms their independence and is satisfied that no conflicts of interests exist. In respect of PIE medical schemes, the individual auditor has considered the additional independence provisions imposed by Section 290 of the Code;
- Is familiar with the auditing and financial reporting requirements applicable to medical schemes, as well as the legislation pertinent to medical schemes, which includes the following (not limited to this):
 - ❖ Statements of International Financial Reporting Standards including International Accounting Standards;
 - ❖ SAICA Medical Schemes Accounting Guide;
 - ❖ Auditing Profession Act and Rules regarding the improper conduct and Code of Professional Conduct for Registered Auditors;
 - ❖ Statements of International Standards on Auditing and other auditing pronouncements issued by the IRBA;
 - ❖ IRBA Guide for Registered Auditors on Engagements on the Annual Financial Statements and Annual Statutory Returns of a Medical Scheme;
 - ❖ Medical Schemes Act No 131 of 1998, as well as the Regulations and Annexures thereto;
 - ❖ Circulars issued by the CMS; and
 - ❖ Other legislation that may be pertinent, such as:
 - Consumer Protection Act, 2008;
 - Financial Advisory and Intermediary Services Act, 2002, as amended;
 - Financial Institutions (Protection of Funds) Act, 2001;
 - Financial Intelligence Centre Act, 2001, as amended;
 - National Credit Act, 2005;
 - Prescription Act, 1969, as amended;
 - Protection of Personal Information Act 4 of 2013; and
 - Trust Property Control Act, 1988, as amended.
- Will review the scheme-specific issues communicated to the Principal Officers of medical schemes;
- Has adhered to the minimum Continuing Professional Development (CPD) hours as required by IRBA;

Standards for authorisation of Auditors

- Has provided the Registrar with a copy of both the first and second reports of an auditor furnished to the IRBA in terms of section 45 of the Auditing Profession Act, per section 36(5)(a) of the Act;
- Has provided the Registrar with the latest IRBA engagement inspection decision letter.

For engagement inspections that are completed subsequent to the initial application, such notification by the individual auditor and the IRBA decision letter should be submitted to the CMS within 5 working days of receiving the IRBA decision letter in this regard.

In the event that the IRBA has not completed an engagement inspection as set out in paragraph 3.3 in respect of an individual auditor, a letter from the auditor should be attached to the authorisation declaration.

- The Registrar shall use the notification and any relevant information to consider the ongoing authorisation of the individual auditor in terms of these standards, paragraphs 3.3 ;
- Has consulted with the CMS authorised IFRS advisor, if necessary, in respect of medical schemes assurance clients;
- Undertakes to notify the Registrar, within 5 working days of receiving notification of any of the matters set out in paragraph 6.1 of these standards in which it is involved;
- Will not intentionally or recklessly bring the integrity of the medical schemes into disrepute; and
- Gives the Registrar permission to obtain information and consult with professional bodies to whom it belongs and in matters that are of relevance to the CMS.

7.3. IFRS advisors

When applying to be authorised, the IFRS advisor must provide the Registrar with a signed declaration form, as set out in the addendum to these Standards, stating that they:

- Meet all the criteria applicable to an IFRS advisor;
- Have spent the following minimum required hours on performing practical and interpretative IFRS consulting over the past 12 months in order to have a comprehensive knowledge of IFRS, perusing the South African Institute of Chartered Accountants' (SAICA) Medical Schemes Accounting Guide and circulars issued by the CMS to identify industry specific disclosure requirements:
 - ❖ Spent at least at least 800 hours, at an individual level; or
 - ❖ If the individual is part of an IFRS advisory group, has spent at least 500 hours per individual in the group. In such an instance, every individual must indicate that it has specialised in different standards in such a manner that would satisfy the Registrar that the group's combined 1 000 hours' knowledge is at least equivalent to that of a single individual with 800 hours. This should be accompanied by a list of clients to whom IFRS consulting and training was provided and a summary of the relevant hours spent on each main category and the specific accounting matters/IFRS standards covered;
- Has adhered to the minimum Continuing Professional Development (CPD) hours as required by SAICA;
- Has access to a network of other IFRS advisors and has consulted such network for advice on IFRS matters, when required;
- Has kept up to date with all relevant technical areas in order to enable it to maintain competence in performing the IFRS work of a medical scheme;
- Will notify the Registrar, within 5 working days, where the agreement between himself and a CMS authorised auditor for which it acts as external IFRS advisor has been terminated;

Standards for authorisation of Auditors

- Undertakes to notify the Registrar, within 5 working days of receiving notification of any of the matters set out in paragraphs paragraph 6.1 of these standards in which it is involved;
- Will not intentionally or recklessly bring the integrity of the medical schemes into disrepute; and
- Gives the Registrar permission to obtain information and consult with professional bodies to whom it belongs in matters that are of relevance to the CMS.

8. Additional information

The Registrar may in terms of Section 42 of the Medical Schemes Act; request additional information that they may deem necessary.

9. Appeal process

The applicant (i.e. audit firm or individual auditor or IFRS advisor) may appeal the Registrar's decision in terms of Section 49 of the Medical Schemes Act.

In a case where an audit firm/individual auditor/ IFRS advisor has a pending application or has appealed the decision, the audit firm/individual auditor/ IFRS advisor may not apply for authorisation in the following period unless the case has been through the appeal process and concluded.

10. Addendum

Please refer to the next page for the auditor authorisation application form and declaration forms that need to be submitted, both of which must be electronically submitted and electronically signed.

The electronically signed declaration forms and supporting documentation required must be uploaded on the system.

Standards for authorisation of Auditors

To be completed by auditors registered with the Independent Regulatory Board for Auditors (IRBA)

GENERAL INFORMATION

Audit firm details

Name of audit firm:

IRBA registration number:

(Please include copy of IRBA certificate of registration)

Company registration number:

Senior representative:

Tel. no.:

Fax no.:

Email:

Website:

Physical Address:

Postal Address:

VAT Reg number:

Number of years auditing medical schemes:

Names of current medical scheme (external assurance) clients:

Names of current medical schemes (other services) clients:

Contact person from the firm:

Name:

Position:

Tel. no.:

Cell phone number:

Fax no.:

E-mail:

IFRS advisor:

Name:

External/internal:

(If external, please provide details of when the contract was signed and when it expires)

Tel. no.:

Fax no.:

Email:

Physical Address:

Postal Address:

Standards for authorisation of Auditors

Name of individual auditor(s) to be authorised

(Please note that all engagement partners assigned to medical scheme audits should be listed)

Name:

IRBA registration number:

(Please include copy of IRBA certificate of registration)

SAICA membership number.....

PIE/ only non-PIE Audits

Registration/membership number of any other professional body:

Tel. no.:

Cell phone number.....

Fax no.:

E-mail:

Number of years auditing medical schemes.....

Name of IFRS advisor(s) to be authorised²

Name:

SAICA/other recognised body membership number:

Professional qualifications and year obtained

Registration/membership number of any other professional body:

Tel. no.:

Cell phone number.....³

Fax no.:

Email:

² When applying as part of an advisory group, all individuals within the group should apply.

³ The cell phone numbers will be used to notify the audit firm, individual auditors and IFRS advisors of the expiry date of their authorisation.

Standards for authorisation of Auditors

Declaration by senior representative of the audit firm

I hereby declare that *[insert name of audit firm]*

- i. Meet all of the eligibility criteria for an audit firm;
- ii. That the firm is independent from its medical scheme assurance clients and satisfied that there are no conflict of interest. This includes the additional independence provisions imposed by Section 290 of the Code of Professional Conduct for Registered Auditors in respect of its PIE medical scheme assurance clients;
- iii. Has experience auditing medical schemes;
- iv. All IFRS advisors used during external audit of medical schemes are authorised by the CMS;
- v. Has appropriate and effective procedures in place to ensure that its staff are kept up to date in all relevant areas of technical training in order to enable them to maintain the highest level of competence in performing the assurance work of medical schemes;
- vi. Has notified the Registrar of the outcome of the latest IRBA audit firm inspection or IRBA inspection report and letter issued to the firm on inspection of selected individual auditors within 5 working days of receiving the IRBA decision letter in this regard and has attached a copy of the latest IRBA decision letter and summary report to this declaration;

or

The IRBA has not completed a firm-wide independent quality control (ISQC1) review on the audit firm. A letter from the audit firm has been attached to this declaration;

- vii. Has, on initial application, attached a list of previous matters and, thereafter, has notified the Registrar within 5 working days of receiving notification thereof of any matters set out in paragraph 6.1 of these standards and has attached details of all such matters reported since the last Registrar's declaration;
- viii. Agrees to discharge its responsibilities in terms of the Medical Schemes Act 131 of 1998 and to assist the Registrar in upholding the integrity of the medical schemes; and
- ix. Gives the Registrar permission to obtain information and consult with professional bodies to whom it belongs in matters that are of relevance to the CMS.

I hereby declare that *[insert name of audit firm]* has adequate and effective structures, policies, processes and training programmes in place to ensure that the individual auditors detailed in the application:

- i. Continue to meet all of the eligibility criteria for the audit firm and individual auditors, as set out in these standards;
- ii. Are familiar with the audit and financial reporting requirements applicable to medical schemes;
- iii. Are familiar with the legislation pertinent to medical schemes;
- iv. Are aware of the IFRS matters identified by the CMS in both its latest circular on the common problems

Standards for authorisation of Auditors

encountered in the analysis of medical schemes' annual financial statements and annual statutory returns, as well as the scheme-specific issues communicated to the Principal Officers of medical schemes;

- v. Are aware of SAICA and IRBA guidance applicable to reporting accountants and auditors of medical schemes;
- vi. Appropriately and adequately consulted (if applicable) the audit firm's / externally contracted authorised IFRS advisor/s on which this firm expresses assurance opinions;
- vii. Have, in instances where the individual auditors have issued an audit report on such financial statements and returns, monitored compliance with the Act and reported these matters of non-compliance (via part 3 of the Annual Return) to the CMS;
- viii. Are the only individual auditors that will sign an audit report for the medical scheme;
- ix. Notified the Registrar of the outcome of the latest IRBA engagement inspections within 5 working days of receiving the IRBA decision letter in this regard;

or / and

Where the IRBA has not completed an engagement inspection as set out in paragraph 3.2 of the Standards, a letter from the audit firm has been attached to this declaration;

- x. Have, on initial application, attached a list of previous matters and, thereafter, have notified the Registrar within 5 working days of receiving notification thereof of any matters set out in paragraph 6.1 of these standards, and have attached details of all such matters reported since the last Registrar's declaration;
- xi. Report all Reportable Irregularities in terms of Section 36(5)(a) of the Act to the Registrar;
- xii. Submit the report required in terms of Section 36(5)(c) of the Act to the Registrar; and
- xiii. Have advised the Registrar of any instances where the medical scheme misrepresented the content of the audit report as it relates to that medical scheme, in instances where the auditor becomes aware of such misrepresentation.

Signature:

Name:

Audit firm:

Date:

Standards for authorisation of Auditors

Declaration by individual auditor

I hereby declare that I:

- i. Am registered with the IRBA, registration number (*please insert*) and a copy of my IRBA certificate of registration has been attached;
- ii. Meet all of the eligibility criteria for authorisation of individual auditors, as set out in these standards;
- iii. Confirm my independence and is satisfied that no conflicts of interests exist. In respect of PIE medical scheme clients, I confirm that I have considered the additional independence provisions imposed by Section 290 of the Code of Professional Conduct for Registered Auditors in respect of Public Interest Entities;
- iv. Have experience auditing medical schemes;
- v. Am familiar with both the audit and financial reporting requirements applicable to medical schemes, as well as the legislation pertinent to medical schemes, which includes the following (not limited to this):
 - ❖ Statements of International Financial Reporting Standards including International Accounting Standards;
 - ❖ SAICA Medical Schemes Accounting Guide;
 - ❖ Auditing Profession Act and Rules regarding the improper conduct and Code of professional conduct for registered auditors;
 - ❖ Statements of International Standards on Auditing and other auditing pronouncements issued by the IRBA;
 - ❖ IRBA Guide for Registered Auditors on Engagements on the Annual Financial Statements and Annual Statutory Returns of a Medical Scheme;
 - ❖ Medical Schemes Act No 131 of 1998, as well as the Regulations and Annexures thereto;
 - ❖ Circulars issued by the CMS; and
 - ❖ Other legislation that may be pertinent, such as:
 - Consumer Protection Act, 2008;
 - Financial Advisory and Intermediary Services Act, 2002, as amended;
 - Financial Institutions (Protection of Funds) Act, 2001;
 - Financial Intelligence Centre Act, 2001, as amended;
 - National Credit Act, 2005;
 - Prescription Act, 1969, as amended;
 - Protection of Personal Information Act 4 of 2013; and
 - Trust Property Control Act, 1988, as amended.
- vi. Am aware of the IFRS matters identified by the CMS in both its latest circular on the common problems encountered in the analysis of medical schemes' annual financial statements and annual statutory returns,
- vii. As part of an audit for the current financial year will review the scheme-specific issues communicated to the Principal Officers of medical schemes;

Standards for authorisation of Auditors

- viii. Has adhered to the minimum Continuing Professional Development (CPD) hours as required by IRBA and the records have been uploaded on the portal;
- ix. Have consulted (if applicable) with CMS authorised IFRS advisor in matters pertaining to IFRS for medical scheme/s on which I am involved in expressing an assurance opinion;
- x. Have provided the Registrar with a copy of both the first and second reports of an auditor furnished to the IRBA in terms of section 45 of the Auditing Profession Act, per section 36(5)(a) of the Act;
- xi. I have notified the Registrar of the outcome of my last IRBA engagement inspection within 5 days of receiving the IRBA decision letter and have attached a copy of the latest IRBA engagement inspection decision letter to this declaration;

or

The IRBA has not completed an engagement inspection as set out in paragraph 3.3 of the Standards. A letter from the auditor has been attached to this declaration;

- xii. On initial application have attached a list of previous matters, and thereafter have notified the Registrar within 5 working days of any matters set out in paragraph 6.1 of these standards, and have attached details of all such matters reported since the last Registrar's declaration;
- xiii. Have, in instances where I have issued an audit report on such financial information, monitored and reported compliance with the Act;
- xiv. Have advised the Registrar of any instances where the medical scheme misrepresented the content of the audit report as it relates to that scheme;
- xv. Agree to discharge its responsibilities in terms of the Act and to assist the Registrar in upholding the integrity of the medical schemes;
- xvi. Will not intentionally or recklessly bring the integrity of medical schemes into disrepute; and
- xvii. Give the Registrar permission to obtain information and consult with professional bodies to whom I belong in matters that are of relevance to the CMS.

Signature:

Name:

Current medical scheme clients (external assurance):

Date:

Standards for authorisation of Auditors

IFRS advisor authorisation application form: external⁴

GENERAL INFORMATION

Name of individual:

Employer:.....

Related audit firm(s):

(In case of an external IFRS advisor, please provide details of date when contract was signed with every audit firm and expiry date of such contract(s))

SAICA/other recognised body membership number.....

Professional qualifications and year obtained.....

Registration/membership number with any other professional body:.....

Tel. no.:.....

Fax no.:.....

E-mail:.....

Physical address:

Postal address:

Vat reg number:

Audit firm/s consulted to (external persons):

DECLARATION BY IFRS ADVISOR (Internal and external)

I hereby declare that I:

- i. Meet all the eligibility criteria for IFRS advisors, as set out in these standards;
- ii. Have a comprehensive knowledge of IFRS, the South African Institute of Chartered Accountants' (SAICA) Medical Schemes Accounting Guide and relevant circulars issued by the CMS;

or

Together with [*insert name of the other individuals who are part of the IFRS advisory group*], with whom I work as part of an IFRS advisory group, have a comprehensive knowledge of IFRS, the South African Institute of Chartered Accountants' (SAICA) Medical Schemes Accounting Guide and relevant circulars issued by the CMS;

- iii. Have spent the minimum required hours, as detailed in paragraph 3.4.1 of these standards, over the past 12 months on qualifying IFRS consulting, as evidenced from the details provided below:

⁴ When applying as part of an advisory group, all individuals within the group should apply.

Standards for authorisation of Auditors

[Please provide a high-level summary of the IFRS work done on each of the four categories set out below, detailing the number of hours spent and the applicable IFRSs per category:

- *Review of financial statements for IFRS compliance;*
- *Advising internal /external clients on the interpretation and/or application of IFRS;*
- *Providing practical training on the application and interpretation of IFRS;*
- *Providing input/comments on the SAICA Medical Schemes Accounting Guide; and*
- *Other practical matters (please provide details).]*

[Please also provide a list of clients to whom a service was provided, without necessarily specifying which service was provided to which client. You must have provided a combination of services across as many of these categories as possible.

Where you are part of an IFRS advisory group the information provided must confirm that the group has a comprehensive knowledge of IFRS and that each member of the group specialises in a specific area(s).]

- iv. Has adhered to the minimum Continuing Professional Development (CPD) hours as required by the advisor's professional body;
- v. Have access to a network of other IFRS advisors to assist and advise me on IFRS matters;
- vi. Have kept up to date in all relevant areas of technical training in order to enable me to maintain the highest level of competence in performing my responsibilities as IFRS advisor;
- vii. Have notified the Registrar within 5 working days where the agreement between myself and a CMS authorised auditor for whom I acted as external IFRS advisor was terminated;
- viii. Have attached a list of previous matters, on initial application, and have notified the Registrar within 5 working days of receiving notification of any matters set out in paragraph 6.1 of these standards and have attached details of all such matters reported in the past year to this report;
- ix. Have not (alternatively full details must be provided):
 - At any time been removed from an office of trust because of misconduct related to a discharge of that office;
 - Been convicted, whether in the Republic of South Africa or elsewhere, of theft, fraud, forgery, uttering a forged document, perjury, an offence under the Prevention and Combating of Corrupt Activities Act (No.12 of 2004) or any offence involving dishonesty;
 - Been declared by a competent court to be of unsound mind or unable to manage my own affairs;
 - Been disqualified from registration by the advisor's professional body; or
 - Been provisionally sequestrated, entered into a compromise with creditors or been classified as an un-rehabilitated insolvent;
- x. Agree to discharge my responsibilities in terms of the Act and to assist the Registrar in upholding the integrity of the medical schemes;
- xi. Will not intentionally or recklessly bring the integrity of the medical schemes into disrepute;

Standards for authorisation of Auditors

- xii. Give the Registrar permission to obtain information and consult with professional bodies to whom I belong and in matters that are of relevance to the CMS; and
- xiii. Agree to provide information to the CMS and act as technical link between the Registrar and the audit firm, individual auditor, where the Registrar requires interaction in relation to the IFRS reporting by medical scheme, and confirm that my contract with the audit firm/individual auditor allows me to fulfil this role.

Signature:

Name:

Date:

11. References

- i. Johannesburg Stock Exchange (JSE), "Accreditation of auditors, reporting accountants and IFRS advisors" read in conjunction with Sections 3 and 22, Schedule 15.
- ii. The Independent Regulatory Board for Auditors (IRBA), "Code of Professional Conduct for Registered Auditors", latest IRBA code (applicable at the time of audit).
- iii. Medical Schemes Act 131 of 1998 (the Act), as amended.