

Report on Parts 4 to 10 of the Annual Statutory Return (Combined ISA 800 (Revised) and ISRE 2410 Reports)

Circumstances

ISA 800 (Revised) report

- Work performed for Parts 4 to 6.1 and 6.3 to 10 of the annual statutory return is regarded as sufficient for an audit opinion to satisfy the requirement for the auditor to report as required by Sections 36(8) and 37(3), read in conjunction with Sections 37(2) and 39(3).
- The use of the auditor's report is restricted to the Registrar of Medical Schemes.
- Based on the audit evidence obtained, the auditor has concluded that a material uncertainty does not exist in relation to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern.
- The auditor has not identified a reportable irregularity in terms of the Auditing Profession Act, 2005.

ISRE 2410 report

- The auditor of this engagement is the auditor of the Scheme.
- Work performed for Part 6.2 of the annual statutory return is regarded as sufficient for a review conclusion to satisfy the requirement for the auditor to report as required by Sections 36(8) and 37(3), read in conjunction with Sections 37(2) and 39(3).
- The use of the auditor's report is restricted to the Registrar of Medical Schemes.

Independent Auditor's Report¹

To the Board of Trustees of [name of scheme]

Auditor's Report on Parts 4 to 6.1 and 6.3 to 10 of the Return

Opinion on Parts 4 to 6.1 and 6.3 to 10 of the Return

We have audited Parts 4 to 6.1 and 6.3 to 10 of the annual statutory return (the Return) of <Name of Scheme> (the Scheme) set out on pages <xx> to <xx> for the year ended <insert date>, comprising information from the financial statements, prepared in accordance with International Financial Reporting Standards, and additional historical financial information extracted from the underlying accounting records of the Scheme.

In our opinion, Parts 4 to 6.1 and 6.3 to 10 of the Return of the Scheme for the year ended <insert date> are 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 Council for Medical Schemes (the Act and related Regulations).

¹ The Office of the Registrar requires auditors to submit this report on the auditor's letterhead.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the group in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Basis of Accounting and Restriction on Use

We emphasise that Parts 4 to 6.1 and 6.3 to 10 of the Return are prepared in accordance with the provisions of the Act and related Regulations, which are designed to meet the information needs of the Registrar of Medical Schemes (the Registrar). As a result, parts 4 to 6.1 and 6.3 to 10 of the Return may not be suitable for another purpose. The purpose of our report is to report to the Registrar as required by Sections 36(8) and 37(3), read in conjunction with Sections 37(2) and 39(3) of the Medical Schemes Act No. 131 of 1998; and the report is not to be used for any other purpose. Our report is provided solely for the information of the Registrar. Our opinion is not modified in respect of this matter.

Other Matter

We completed our audit of the annual financial statements of the Scheme for the year ended <insert date> on which we issued an unmodified opinion on <insert date of audit report>. Our audit of the financial statements was conducted in accordance with International Standards on Auditing. In conducting our audit of Parts 4 to 6.1 and 6.3 to 10 of the Return we considered evidence obtained during our audit of the financial statements of the Scheme.

Other Information

The trustees are responsible for the other information. The other information comprises <insert description>. The other information does not include Parts 4 to 6.1 and 6.3 to 10 of the Return and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of Parts 4 to 6.1 and 6.3 to 10 of the Return, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with Parts 4 to 6.1 and 6.3 to 10 of the Return or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Trustees for Parts 4 to 6.1 and 6.3 to 10 of the Return

The trustees are responsible for the preparation of Parts 4 to 6.1 and 6.3 to 10 of the Return from the financial statements and information contained in the underlying accounting records of the Scheme, in accordance with the provisions of the Act and related Regulations, and for such internal control as the trustees determine is necessary

to enable the preparation of Parts 4 to 6.1 and 6.3 to 10 of the Return that is free from material misstatement, whether due to fraud or error.

In preparing Parts 4 to 6.1 and 6.3 to 10 of the Return, the Scheme's trustees are responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Scheme's trustees either intend to liquidate the Scheme or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for Parts 4 to 6.1 and 6.3 to 10 of the Return

Our objectives are to obtain reasonable assurance that Parts 4 to 6.1 and 6.3 to 10 of the Return are prepared, in all material respects, in accordance with the provisions of the Act and related Regulations. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of Parts 4 to 6.1 and 6.3 to 10 of the Return.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of Parts 4 to 6.1 and 6.3 to 10 of the Return, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Scheme's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the Scheme's trustees' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists in relation to events or conditions that may cast significant doubt on the Scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Scheme to cease to continue as a going concern.

We communicate with the trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Review Report on Part 6.2 of the Return

We have reviewed Part 6.2 of the annual statutory return (the Return) of <Name of Scheme> (the Scheme) set out on pages <xx> to <xx> for the year ended <insert date>, comprising information extracted from the financial statements, which have been prepared in accordance with International Financial Reporting Standards, and additional historical financial information extracted from the underlying accounting records of the Scheme.

Responsibilities of the Trustees for Part 6.2 of the Return

The trustees are responsible for the preparation of Part 6.2 of the Return from the financial statements and information contained in the underlying accounting records of the Scheme, 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 Council for Medical Schemes (the Act and related Regulations), and for such internal control as the trustees determine is necessary to enable the preparation of Part 6.2 of the Return that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for Part 6.2 of the Return

Our responsibility in terms of Sections 36(8) and 37(3), read in conjunction with Sections 37(2) and 39(3) of the Act, is to express a conclusion on Part 6.2 of the Return based on the review. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410, which applies to a review of historical financial information performed by the independent auditor of the entity. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that Part 6.2 of the Return is not prepared in all material respects in accordance with the provisions of the Act and related Regulations. This standard also requires us to comply with relevant ethical requirements.

A review of Part 6.2 of the Return in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of the trustees and others within the entity, as appropriate, and applying analytical procedures; and evaluate the evidence obtained.

The procedures performed in a review are substantially less than and differ in nature from those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on Part 6.2 of the Return.

Other Matter

We completed our audit of the annual financial statements of the Scheme for the year ended <insert date> on which we issued an unmodified opinion on <insert date of audit report>. Our audit of the financial statements was conducted in accordance with International Standards on Auditing. In conducting our review of Part 6.2 of the Return we considered evidence obtained during our audit of the financial statements of the Scheme.

Conclusion on Part 6.2 of the Return

Based on our review, nothing has come to our attention that causes us to believe that Part 6.2 of the Return of the Scheme for the year ended <insert date> is not prepared, in all material respects, in accordance with the provisions of the Act and related Regulations.

Basis of Accounting and Restriction on Use

Without modifying our conclusion, we emphasise that Part 6.2 of the Return is prepared in accordance with the provisions of the Act and related Regulations, which are designed to meet the information needs of the Registrar. As a result, Part 6.2 of the Return may not be suitable for another purpose. The purpose of our report is to report to the Registrar as required by Sections 36(8) and 37(3), read in conjunction with Sections 37(2) and 39(3) of the Medical Schemes Act No. 131 of 1998; and the report is not to be used for any other purpose. Our report is provided solely for the information of the Registrar.

[Auditor's Signature]

[Name of individual registered auditor]

[Capacity, if not a sole practitioner: e.g. Director or Partner]

Registered Auditor

[Date of auditor's report]

[Auditor's address]