



CIRCULAR

Reference: IAS1 impact on ISA700 auditor report template
Contact person: Mr Sameer Rajab
Tel: 012 431 0436
E-mail: s.rajab@medicalschemes.co.za
Date: 4 August 2023

Circular 28 of 2023: IAS1 impact on ISA700 auditor report template

The Council for Medical Schemes (CMS) would like to inform all stakeholders that the revised prescribed auditor report template regarding ISA700, effective for the 2023 financial year, has been published.

The International Auditing and Assurance Standards Board (IAASB) issued guidance on narrow-scope amendments to International Accounting Standard (IAS) 1, Presentation of Financial Statements. The narrow-scope amendments to IAS 1 now require preparers that use the International Financial Reporting Standards (IFRS) to disclose their "material accounting policy information" instead of "a summary of significant accounting policies". These changes to IAS 1 became effective for annual reporting periods beginning on or after 1 January 2023.

The Independent Regulatory Board for Auditors (IRBA) issued an updated pronouncement on 23 June 2023 regarding the above change and its impact on illustrative audit reports, which include those applicable to medical schemes.

The details on the IRBA pronouncement can be found on this link: [IRBA pronouncement 23 June 2023](#)

The conforming amendments become effective for audits on or after years ending 31 December 2023.

Kindly refer to the links provided below for the updated ISA700 prescribed auditor report template:

[ISA 700 \(Revised\) auditor report template](#)

Section 37(2) of the Medical Schemes Act 131 of 1998 (the MSA) requires an annual financial statement (AFS) which, amongst others, must consist of a report by an auditor of a medical scheme and such other returns as the Registrar may require.

[Circular 65 of 2015](#) requires the auditors of medical schemes in terms of Sections 36(5)(d) and 37(2) of the MSA to report on Key Audit Matters.

[Circular 38 of 2018](#) requires the auditor's report on the annual financial statements to disclose the number of years both the audit firm and the engagement partner have been the auditor of a medical scheme (audit tenure).

The ISA 700 (Revised) report provides reasonable assurance that the AFS were prepared, in all material respects, in accordance with the International Financial Reporting Standards and the requirements of the Act.

All non-compliance matters, considered material by an auditor, should be reported under the sub-heading "Report on Other Legal and Regulatory Requirements". Where no material instances of non-compliance have come to an auditor's attention, a statement to this effect should be made.

Yours sincerely



Mr Mfana Maswanganyi
Executive: Regulation
Council for Medical Schemes