



CIRCULAR

Reference: 2023 Annual Statutory Return
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Circular 30 of 2024: Financial Annual Statutory Returns for the financial year ended 31 December 2023

The Council for Medical Schemes (CMS) has finalised the 2023 Financial Annual Statutory Return online system, which is now available on the website; [link](#).

Important to note is that the Print facility will only be activated at a later stage therefore schemes will be unable to generate draft or final documents before then. Communication will be sent once the facility becomes available. The blank word document can be accessed [here](#).

Please note that the deadlines for the electronic submission of the 2023 Annual Statutory Return are as follows:

- Part 1 changes must be finalised by **26 July 2024**.
- Electronically signed submission of the Annual Statutory Return via the statutory return portal must occur by **23 August 2024**.

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:

- 2023 Annual Statutory Return signed via the SignFlow process
- Part 11 submission:
 - Signed financial statements
 - Board of Trustees' Report
 - 2023 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 2023 audit findings
This report should include housekeeping issues for the Board of Trustees' attention
- The letter of comfort from the administrator and co-administrator (where applicable)
- Signflow signatories
Documents supporting changes to signatories (such as a copy of the signed Board of Trustee resolution or extract of the Scheme Rules) should accompany the Annual Statutory Return submission (where applicable)
Please refer to the paragraph below on *Signatories* for more information as to the requirements.
- Annexure B
 - [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
 - Supporting documentation for any reclassification of Annexure B instruments (if applicable)
 - Declaration of conflicts of interest from asset managers

The deadline for the electronic submission of all these documents is **23 August 2024**.

Signatories

The Principal Officer, Chairperson and one other Trustee signatory must sign these documents, as 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 as incomplete.

Should the Principal Officer or Chairperson as of 31 December no longer be officials of the medical scheme, 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. In terms of the workflow created by SignFlow to enable the electronic signing of the return, the current Principal Officer and Chairperson's details will be used for signature purposes. Should no appointment have been made before signature date, the changed signatory details need to communicate to the FSU scheme analyst to ensure the redirection of the SignFlow process. Documents supporting such an appointment (such as a copy of the signed Board of Trustees resolution or extract of the Scheme Rules) should accompany the Annual Statutory Return submission:

- The appointment of an acting Principal Officer should be in line with the provisions of Section 57(4) of the Act.
- The appointment of an acting Chairperson in line with the rules of the scheme.

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 [2023 Annual Statutory Return Help File](#), for detailed guidance on the completion of the Annual Statutory Return. Kindly note that the audit trail functionality is not currently available.

The CMS published various guidelines on its website to guide schemes with 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. 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 of 31 December 2023 are available on the website:

- [Registered banks as at 31 December 2023](#)
- [Bonds listed on licensed stock exchanges' debt market as at 31 December 2023](#)
- [Securities listed on licensed stock exchanges as at 31 December 2023](#)
- [ASISA's list of Collective Investment Schemes as at 30 September 2023](#)

In respect of category 6 assets, please refer to the South African Reserve Bank's website for detailed information relating to insurers registered in the Republic.

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 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 2023](#)
- [Accredited administrators and its accredited managed care organisations as at 31 December 2023](#)

Your attention is therefore 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 R1,459 (one thousand four hundred and fifty-nine Rand) for every day that the non-compliance continues.

Your co-operation will be highly appreciated.

Mr Mfana Maswanganyi
Executive: Regulation
Council for Medical Schemes