



Reference: Auditor independence and economic inclusion
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Circular 27 of 2026: Fostering independence and greater auditor inclusion in the audit of medical schemes

Section 36(2) of the Medical Schemes Act (131 of 1998) (MSA) 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 Registrar hereby sets out specific conditions in terms of the aforementioned Section 36(2) that are applicable to medical schemes and their audit committees as it pertains to the appointment of scheme auditors. These conditions will be integrated into the Council for Medical Schemes (CMS) Audit Quality Indicators (AQIs) and are effective for the appointment of auditors for assurance engagements for financial years ending on or after 31 December 2028.

I. Condition in relation to mandatory rotation

The Registrar is of the opinion that rotation requirements will promote independence and increase market competition within the medical scheme audit environment, resulting in enhanced audit quality, economic inclusion and transformation.

A. Medical schemes categorised as Public Interest Entities (PIE)

1. Independent Regulatory Board for Auditors (IRBA) Code of Professional Conduct (CPC) for Registered Auditors (Revised) paragraph R400.23 SA (I) defines PIE medical schemes as medical schemes, as defined in the MSA, with a membership in excess of 89 000 beneficiaries as at financial year-end.

PIE schemes - conditions imposed:

2. PIE medical schemes **must** ensure that an audit firm, including a network firm as defined in the IRBA CPC (Revised), does not serve as the appointed auditor of a medical scheme for more than ten consecutive financial years. The audit firm will only be eligible for reappointment as the auditor after the expiry of at least five financial years.
3. The condition applies from the earliest date of appointment. The earliest date of appointment is determined in line with the [IRBA audit tenure disclosure](#) requirements. This would also coincide with the tenure as is required to be disclosed by the auditor in the audit report on the Annual Financial Statements (reference can be made to [Circular 38 of 2018](#)).
4. The audit firm tenure is not affected by mergers, acquisitions, or demergers of firms, and as such the appointment period continues from the date the firm was first appointed, which is before the merger, acquisition or demerger. This would coincide with the tenure as is required to be disclosed by the auditor in the audit report on the Annual Financial Statements (reference can be made to [Circular 38 of 2018](#)).

PIE schemes - transitional arrangements

5. If, at the effective date, the medical scheme has appointed an audit firm for a tenure of ten years or more, the firm will be required to rotate. Where a rotation took place prior to the implementation of this condition, the firm would need to complete the stipulated cooling-off period prior to reappointment.
6. For joint auditors who both have an audit tenure of ten years or more, only one audit firm is required to rotate at the effective date, and the remaining audit firm will be granted an additional two years before rotation is required.

B. Medical schemes that are not categorised as PIE

1. IRBA CPC (Revised) paragraph R400.23 SA (I) defines PIE medical schemes as medical schemes, as defined in the MSA, with a membership in excess of 89 000 beneficiaries as at financial year-end.
2. Schemes that are not categorised as PIE schemes are also referred to as non-PIE.
3. Non-PIE medical schemes are encouraged to implement audit firm rotation. Audit firm rotation is, however, not imposed on non-PIE medical schemes by the Registrar in terms of Section 36(2).

Non-PIE medical schemes - conditions imposed:

4. Non-PIE medical schemes **must** ensure that an individual shall not act in the capacity of an engagement partner or engagement quality control reviewer, or a combination thereof, of a medical scheme for a period of more than seven cumulative years. Thereafter, the individual is required to serve a cooling-off period of five years before being reappointed in their capacity as an engagement partner or engagement quality control reviewer of the same medical scheme.

5. The period shall not be restarted unless the individual ceases to act in their capacity as an engagement partner or engagement quality control reviewer or a combination thereof for a period of five years (cooling-off period). The period is not restarted in any other case.

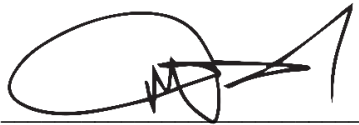
Non-PIE medical schemes - transitional arrangements

6. The medical scheme is required to communicate from the earliest date possible, but prior to the effective date, the condition for engagement partner rotations to ensure planning and seamless transition. If, at the effective date, an individual has acted in the capacity of an engagement partner or engagement quality control reviewer or a combination thereof for more than seven years, the medical scheme must ensure such rotation is implemented.

Please [click here](#) to access the addendum relating to comments received during the stakeholder consultations.

Your cooperation will be highly appreciated.

Yours sincerely,



Dr Musa Gumede
Chief Executive and Registrar
Council for Medical Schemes