



FAQ

Reference: Audit Quality Indicators 2026 Frequently Asked Questions (FAQ)
Contact person: Mr Louis Rikhotso
E-mail: l.rikhotso@medicalschemes.co.za
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Audit Quality Indicators 2026 Frequently Asked Questions

The Council for Medical Schemes (CMS) issued [Circular 22 of 2025](#) to solicit input into the proposed Audit Quality Indicators (AQIs). The closing date for input was 31 July 2025. Input was received from seven participants, including the South African Institute of Chartered Accountants (SAICA) Medical Schemes Project Group (MSPG), which consists of representatives from auditors and medical schemes. This Frequently Asked Question (FAQ) summarises the comments received and the CMS response thereto.

Please refer to the final AQI document ([by clicking here](#)) after consideration of the stakeholder comments. The CMS would like to thank all stakeholders who participated in the process.

Area on the AQI	Question/input	CMS response
Firm level – Mature client acceptance and continuation processes	In this context, it may be helpful for CMS to provide guidance to the industry on what constitutes sufficient or appropriate evidence when evaluating the firm's processes. Would a formal declaration from the firm be adequate, or is it expected that the audit committee should obtain and review additional supporting evidence of the firm's procedures and controls? Clear direction from CMS on this matter would assist audit committees in understanding their responsibilities and ensure consistency across the industry.	<p>A formal declaration signed off by the engagement partner could be adequate, but this depends on the evaluation performed by the audit committee.</p> <p>The engagement partner will need to confirm that they have satisfied <i>inter alia</i> the requirements as set out in the Independent Regulatory Board for Auditors (IRBA) Code of Professional Conduct for Registered Auditors (CPC) Part 4A sections, specifically R400.20.A1 - A4, R400.21 and R400.25 - R400.26.</p> <p>The audit committee can also require auditors to share their firms' transparency reports, especially in cases where it addresses the firm's client acceptance procedures/processes and independence.</p>
Firm level – Audit tenure	Concern about the mandatory audit firm rotation, as IRBA's rule was overturned by the Supreme Court of Appeal.	<p>While the Supreme Court of Appeal ruled that the IRBA lacked the statutory authority under the Auditing Profession Act to introduce the mandatory audit firm rotation (MAFR) rule, the CMS intends to implement mandatory audit firm rotation under its powers granted by Section 36(2) of the Medical Schemes Act (Act).</p> <p>Please see circular 1 of 2026 to access the stakeholder engagement initiated in relation to the auditor independence and economic inclusion.</p> <p>The CMS believes that these rotations are pivotal to the strengthening of the independence of audit firms.</p>
Firm level - Proposed non-audit fee	Is this a secondary consideration? The AQI seeks to compare audit fees to fees for non-audit related services to establish whether there is a client dependency which will erode the independence of the assurance team. This particular consideration seeks, at first read, to establish whether the non-audit services are profitable. Not sure how this is related to the AQI.	<p>The AQI seeks to monitor non-audit services provided by an audit firm to establish whether the provision of non-audit services will not erode the independence of the assurance team, i.e. self-interest and self-review threats to independence.</p> <p>The CMS intends to prohibit the provision of non-audit services by the external assurance provider. Please see circular 1 of 2026 to access the stakeholder engagement initiated in relation to the auditor independence and economic inclusion.</p>
Firm level - Proposed non-audit fee	Firms providing audit engagements to an audit client should not provide non-audit related services."	Please refer to the response above. This specific AQI might be rendered redundant in future.

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	<p>This statement is absolute, so it's inconsistent with the application of the AQI above.</p>	
<p>Firm level – non audit fee</p>	<p>We suggest rephrasing this question to: “Does the audit firm provide any non-audit services to the Medical Scheme?” This phrasing avoids confusion, as audit engagements, by definition, do not include non-audit services.</p>	<p>The proposed revision is accepted. AQI reworded to: <i>Does the audit firm or its network firm provide any non-audit services to the medical scheme?</i></p>
<p>Firm level – Prior experience in auditing medical schemes</p>	<p>Audit committees can assess whether the firm has extensive knowledge of the industry and adequate experience in the audit of medical schemes.</p> <p>There is a serious problem with market concentration in the audit industry. Binary application of this rule will exacerbate the issue.</p>	<p>The AQI provides for audit committees to consider other aspects if the audit firm does not have industry-specific experience. i.e. other mitigating considerations may include joint or shared audit arrangements; consideration of whether the engagement partner has industry experience, and or the firm will appoint an engagement quality reviewer with relevant industry experience.</p> <p>The audit committee needs to be comfortable that, given their understanding of the medical scheme's operations (i.e. size, complexity, etc.), the audit firm will be able to conduct the audit even without medical scheme experience.</p> <p>We have improved the description to highlight the points above.</p>
<p>Firm level – Prior experience in auditing medical schemes</p>	<p>Firms should provide information on the number and size of medical schemes under their purview, together with confirmation of adequate resourcing. This will enable audit committees to better assess the firm's capability to deliver timely and high-quality audits.</p>	<p>This AQI looks at the firm's historical engagements, which provide an overview of industry-specific experience. At the engagement level, there is, however, an indicator that assesses the number of engagements within the purview of the engagement partner that are within the same reporting period. This will provide guidance on workload/capacity of the engagement partner and their ability to deliver timely and high-quality audits. CMS is comfortable that capacity is adequately covered on the above-mentioned AQI.</p>
<p>Firm and engagement level – prior experience in auditing medical schemes</p>	<p>Experience in auditing medical schemes: The requirement for the audit committee to assess whether the audit firm has prior experience in auditing medical schemes is noted.</p> <p>We recommend that audit committees be guided in assessing the nature, scope, and complexity of the firm's prior engagements. Specifically, ensuring that the assessment considers:</p>	<p>The CMS notes the comment. This has been incorporated into the AQI considerations.</p>

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	<ul style="list-style-type: none"> • Type of scheme audited: Distinguishing between open and closed schemes, as these may present different operational and regulatory complexities. • Public Interest Entity (PIE) status: Recognising that PIEs are subject to heightened regulatory scrutiny and governance expectations. • Complexity of prior engagements: Including factors such as scheme size, benefit design, risk pooling arrangements and the presence of managed care structures. <p>By incorporating these dimensions, audit committees will be better positioned to evaluate whether the firm's experience is sufficiently aligned with the specific characteristics and risks of the scheme under consideration. This approach will also promote greater consistency and comparability in how audit quality is assessed across the medical schemes industry.</p> <p>The abovementioned considerations can be applied to engagement partner, ensuring that not only the number of years auditing medical schemes is considered, but also the qualitative measures of the complexity of any such schemes.</p>	
Engagement level - Prior experience in auditing medical schemes	<p>We are of the view that the number of schemes audited is not necessarily indicative of experience, as they differ in complexity and size (e.g. closed vs open schemes, PIE). Instead, the number of years an auditor has audited medical schemes in general should be provided. This is also a simpler metric.</p> <p>The engagement partner's experience should be inclusive of both the role as an engagement signatory, as well as the role of an Engagement Quality Reviewer (EQR).</p>	<p>The CMS notes the comment and has included it in the AQI description.</p> <p>We have added a reference to the consideration of complexity and size, and the fact that such experience may include experience obtained as an EQR. Refer to the description on AQI number 2 (Prior experience in auditing medical schemes)</p>
Firm and engagement level – IRBA reviews	<p>It would be helpful for CMS to clarify the retrospective period that firms should consider when disclosing whether they have been subject to an IRBA review. Guidance on the number of years would promote consistency in disclosures and ensure audit committees can apply expectations appropriately across all firms.</p>	<p>The AQI focuses on the latest inspection results, which refer to the most recent inspection. This was meant to avoid constraining the assessment to a period interval so as to allow audit committees to have insights into how the audit firm has responded to the IRBA findings.</p>

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	<p>It is also advisable that findings from any reviews be communicated to clients promptly once identified, rather than awaiting final conclusions. Given that a resolution may sometimes take a while, early notification enables audit committees to respond to potential issues in a timely manner. The audit firm should exercise professional judgment in determining the appropriate level of detail to be shared during these communications.</p>	<p>The comment on the promptness of communication has been considered, and the indicator description improved to highlight that the audit firm must communicate findings to the audit committees promptly and may exercise professional judgment in determining the appropriate level of detail to be shared during these communications.</p> <p>The audit committee's prerogative to request additional information has also been highlighted.</p>
<p>Firm and engagement level – IRBA reviews</p>	<p>Given the time that the investigations take, this might not be available within a short period of time, and subsequent external inspections may have been conducted prior to the conclusion of the investigation.</p> <p>We recommend that a summary of the findings for which the firm was referred, as well as the remedial actions, would be sufficient.</p>	<p>The comment had been noted.</p> <p>The need for regular and prompt feedback had been highlighted.</p> <p>The audit firm may exercise professional judgment in determining the appropriate level of detail to be shared. The audit committee must, however, assess whether the information provided is sufficient for decision-making purposes and may require the submission of additional information.</p>
<p>Firm and engagement level – IRBA reviews and CMS sanctions</p>	<p>Members have sought clarity on the accessibility of this information—particularly whether such records are publicly available through platforms like the CMS website. Ensuring that this information is easily accessible will enable audit committees to make informed, timely decisions and respond appropriately to any regulatory concerns.</p>	<p>IRBA inspection reports are publicly available. These reports provide findings from the IRBA's inspections, which focus on the firm's quality control systems or specific audit engagements. These reports, however, do not provide specific details on specific auditors (firms or engagement partners). The CMS has intentionally included the indicator to place the responsibility of timeously presenting the findings to audit committees for assessment on the firms and engagement partners.</p> <p>Audit firms may exercise judgment in terms of their submissions, which may include providing reports in which entity names are redacted, provided that such redaction does not limit the understanding of their content.</p>
<p>Engagement level – IRBA reviews</p>	<p>Has the engagement partner been referred to IRBA's investigation department? It is unclear</p>	<p>The AQI was removed in the AQIs published on Circular 22 of 2025. The</p>

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	<p>how the answer to this statement on its own would provide the information that is indicated under how to interpret the AQI. Deloitte recommends that the CMS reconsider this AQI.</p>	<p>current AQI only asks if there were any findings noted by the IRBA review.</p>
<p>Engagement level – IRBA reviews</p>	<p>Has the engagement partner been found guilty of an offence by the IRBA? We are of the view that it would be insufficient to only provide the outcome. Our recommendation is that more information would need to be provided, including a summary of the findings resulting in the referral, as well as the remedial actions that have been taken. Furthermore, a clear timeframe should be provided for which this information is required, for example, over the last 5 years. See, for example, the JSE Listings Requirements in this regard.</p>	<p>The AQI was removed in the AQIs published on Circular 22 of 2025. The current AQI only asks if there were any findings noted by the IRBA review.</p>
<p>Firm and engagement level – CMS sanctions</p>	<p>In addition to the current publication of accredited audit firms on the CMS website, consideration should be given to publishing a comprehensive list of accredited engagement partners affiliated with each firm, including pertinent details of any prior rejections or sanctions. Such disclosure provides a more holistic perspective on both the firm’s and individual engagement partners’ historical performance and regulatory standing and also assists audit committees in their evaluation of prospective audit partners.</p>	<p>The names of audit registered firms and registered auditors can be found on the IRBA website. The site links the engagement partner to firms and firms to the geographic areas they are registered in.</p> <p>Details of sanctions are currently not publicly available. CMS have removed this specific AQI and will incorporate it as part of the CMS assessment of the approval appointment in terms of Section 36(2).</p>
<p>Firm and engagement level – CMS sanctions</p>	<p>It would be beneficial for CMS to specify the retrospective timeframe that audit firms should consider when disclosing sanctions, ensuring that firms are clear about the period under review. We propose that this disclosure should not be limited solely to sanctions or rejections imposed by CMS but should also include any other industry sanctions that could inform audit committees about the firm’s overall governance practices and ethical track record. Such guidance would help audit committees assess the broader context of a firm’s compliance and integrity.</p>	<p>Including sanctions by other regulators and lawmakers would make the exercise cumbersome, especially given that there is no centralised data area where these sanctions are communicated. CMS has instead focused on the findings of IRBA.</p>
<p>Firm level: Internal quality reviews</p>	<p>We are of the view that this AQI requires too much information; it should be sufficient to have policies and procedures in place and provide comfort that the firm implements remedial actions where relevant. It’s unclear how providing all of this additional information,</p>	<p>The ratio of audit partners provides context for the review coverage. Firms with higher coverage increase the chances of detecting shortcomings in audit quality.</p> <p>Ratio of satisfactory review outcomes provides insight into audit quality at firm</p>

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	such as the ratios, will aid audit committees in the selection process.	level. A high percentage of unsatisfactory ratings may indicate a vigorous internal monitoring process and /or a lack of audit quality on the engagements reviewed.
Firm level - Internal quality reviews	It is not clear what is required from auditors in this regard. Is this referring to the total number of reviews on medical schemes in relation to the total number of reviews performed? We recommend that clarification be provided in this regard.	<p>The AQI refers to review outcomes on all firm engagements that were subject to the firm's internal review process. The ratio of satisfactory review outcomes measures the ratio of the number of engagements that achieved a satisfactory outcome to the total number of engagements reviewed in a particular cycle.</p> <p>The Indicator's descriptor had been amended to ensure clarity.</p> <p>For those firms issuing transparency reports, this information is usually disclosed in those reports.</p>
Engagement level - Internal quality reviews	While this may be true as individual partners would be reviewed on a rotation cycle, the engagement selected for a partner may not be a medical scheme every year, as the engagement selected for a partner would consider risk and public interest (PIEs, etc.). For example, a partner may have 1 medical scheme as part of a portfolio of 30 clients.	The indicator looks at the review outcomes on engagements within an engagement partner's purview and not necessarily medical schemes-related engagement reviews. It assesses whether the review of any of these engagements was satisfactory. This is to assist audit committees in gaining insights into the proactive actions taken to address deficiencies and avoid similar occurrences in other audit engagements allocated to the engagement partner.
Firm and engagement level - Internal quality reviews	We are of the view that the current phrasing of this is vague. Our recommendation is that a timeframe be added for which inspection results need to be provided, for example, the last 5 years.	The AQI focuses on the latest inspection results, which refer to the most recent inspection. This was meant to avoid constraining the assessment to a period interval to accommodate the differences in review intervals as provided by the internal review policies of various firms.
Firm level - Regular training	<p>We recommend that clarity should be provided on what should be given to audit committees in relation to this AQI. For example, does the firm need to provide the exact number of hours, indicate the type of training, provide evidence of a policy, etc?</p> <p>As opposed to a general requirement for the audit firm, we recommend that this AQI should be applicable only to the engagement partner and managers on the particular engagement. For example, the engagement partner and</p>	The comment is noted. The AQI has been reconsidered on the basis that SAICA and IRBA CPD requirements already address training and professional development.

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	<p>manager(s) could provide confirmation of their compliance with the South African Institute of Chartered Accountants' (SAICA) CPD Policy.</p>	
<p>Engagement level - Knowledge of relevant legislation and industry guidelines</p>	<p>It's unclear how this should be evidenced. In the absence of regulatory examinations, accreditations, etc., it is unclear what would be considered sufficient evidence. We recommend that clarity be provided in this regard.</p> <p>No reference is made to knowledge about accounting standards that impact medical schemes, such as IFRS 9 and 17.</p>	<p>The comment had been noted. This AQI had been amended to also incorporate a training element as suggested above.</p>
<p>Engagement level - Adequate resource allocation.</p>	<p>It's unclear how adequacy should be demonstrated. We recommend that clarity be provided in this regard.</p>	<p>This is based on the proposed number of personnel required for the engagement and level of seniority. This is the same information that will be included in the audit strategy.</p>
<p>Governance and ethics AQIs</p>	<p>The Audit Quality Indicators (AQIs) proposed by the CMS already embed key ethics and governance considerations throughout their structure and intent. As such, we do not propose additional standalone indicators in this area. Ethical principles—particularly independence, professional competence, and due care—are implicitly addressed through indicators such as client acceptance and continuation processes, audit fee concentration, non-audit service ratios, and audit tenure. Governance is further reinforced through the evaluation of prior experience in auditing medical schemes, knowledge of applicable legislation and industry guidelines, and the use of technical and IT experts. Additionally, firm-level and partner-level internal reviews reflect a commitment to ethical behaviour, accountability, and continuous improvement. These embedded elements collectively ensure that ethics and governance are not treated as peripheral, but rather as integral to the assessment of audit quality.</p>	<p>The CMS notes the comment.</p>
<p>Overall</p>	<p>This process adds additional workload for committees and incurs extra meeting fees, which would need to be funded by members. Reliance remains solely on the reports provided by the External Audit firm to the Committee, and CMS still reserves the right to accept or reject the appointment. As a result, the process introduces significant costs and</p>	<p>The current process has led to a concentration issue and assumes the CMS has a responsibility to vet audit firms, a responsibility that audit committees are responsible for. The AQI process is meant to assist audit committees in their responsibility of vetting and selecting audit firms.</p>

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	administrative burden without delivering any measurable added value compared to the current process, where CMS vets the Audit Firms.	A segregation between the responsibilities of appointment and approval is therefore necessary.
Overall	There's a market concentration issue with audit firms; only a handful of firms have Medical Aid experience. The focus on Medical Aid experience further concentrates opportunities to audit medical aids amongst the Big 4 and some medium-sized firms.	<p>The AQI provides for audit committees to consider other aspects if the audit firm does not have industry-specific experience. i.e. other mitigating considerations may include joint or shared audit arrangements; consideration of whether the engagement partner has industry experience, and or the firm will appoint an engagement quality reviewer with relevant industry experience.</p> <p>The audit committee needs to be comfortable that, given their understanding of the medical scheme's operations (i.e. size, complexity, etc.), the audit firm will be able to conduct the audit even without medical scheme experience.</p> <p>We have improved the description to highlight the points above.</p>
Overall	Beyond the current questions, it is crucial for the audit committee to actively consider the implications of ongoing CMS consultations regarding mandatory audit firm rotation and discouraging non-audit services. We should also assess the firm's demonstrated commitment to continuous improvement based on past review findings and how they proactively address potential threats to audit quality, rather than just reporting on them.	CMS agrees with the comment.
Overall	<p>Our members broadly support the introduction of the Audit Quality Indicators (AQIs) as a logical and structured framework that effectively advances the Council for Medical Schemes' (CMS) objective of enhancing audit quality and oversight within the medical schemes industry.</p> <p>The indicators are seen as well-aligned with international best practices and provide a valuable basis for informed decision-making by audit committees. However, members raised practical concerns regarding the operationalisation of the AQIs, particularly in terms of the consistency of interpretation, the administrative burden of implementation, and the availability of supporting evidence.</p>	<p>The CMS believes that reporting will improve over time as the process unfolds.</p> <p>The AQIs were intended to place the responsibility of timeously presenting the information to audit committees for assessment on the firms and engagement partners. <i>The audit committee may accept reports with the identity of specific entities redacted, provided that such redaction does not limit the understanding of their content.</i></p> <p>The submission of the audit committee's evaluation of the published AQIs will form the basis of approval as per section 36(2) of the Medical Schemes Act 131 of 1998 (Act). The CMS will also publish reports based on</p>

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	<p>Further clarity was also sought on how the CMS intends to utilise the information collected — specifically, whether it will inform regulatory decisions such as restrictions on concurrent audit partners or first-time signatories, or whether such determinations will remain at the discretion of audit committees. Additionally, members recommended that the AQIs be benchmarked against those developed by the Independent Regulatory Board for Auditors (IRBA) for public interest entities, to ensure alignment, comparability and ease of application for firms operating across multiple regulated sectors.</p>	<p>information collected on an annual basis. The AQIs will assist audit committees with their responsibility to appoint auditors as per Section 36(1) of the Act.</p> <p>Some of the AQIs were adopted from those published by IRBA, and their AQI publication can be used for further insights.</p>
Overall	<p>We recommend that AQIs be applicable to Medical Schemes that are Public Interest Entities ('PIEs'). Firms submit AQIs to the Independent Regulatory Board for Auditors ('IRBA') for PIEs only, thus the regulatory requirements should align and allow for comparability with the IRBA Audit Quality Indicators report.</p>	<p>Section 36(2) requires all medical schemes to submit the appointment of their auditor for the Registrar's approval.</p>
Overall	<p>The firm-level questionnaires are comprehensive in assessing the overall independence, quality control systems, technical competence, and regulatory compliance of the audit firm. To enhance this, I would suggest adding a section on the firm's approach to technology and innovation in auditing, given the increasing complexity of medical scheme operations.</p>	<p>The CMS will consider the proposed AQI and will workshop it as part of future improvements to the AQI process.</p>
Overall	<p>In addition to suggested AQIs (as guidance only), the scheme may benefit from practical guidance that would assist them to simplistically (without undue complexity) engage, evaluate and appoint appropriate external audit service providers. Said guidance may clarify the proposed new process, its steps and timelines, and tools/benchmarks that promote comparative provider analysis (i.e. indicators on current external audit fees charged on a per member and per contribution basis).</p>	<p>The process can only improve over time as the process unfolds, and new knowledge is obtained from post-implementation feedback. The CMS AQIs have been benchmarked against AQIs by other regulators, including IRBA. From the IRBA reports, audit committees can gain further understanding of the AQI analysis and observations.</p> <p>The use of benchmarks has been highly discouraged as it reduces the AQIs to a compliance exercise rather than being applied within a specific context.</p> <p>The CMS will issue additional circulars relating to the process. The adopted AQIs</p>

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		are effective for the audits of financial years beginning 1 January 2026.
Overall	The proposed process and AQIs should steer away from being overly technical and complete and aim to be efficient, effective, economical, logical and pragmatic.	The CMS agrees with the comment. We can only hope to achieve simplicity and efficiency over time as the process unfolds and the AQIs are refined.
Overall	Are audit committees expected to be submitting documents to CMS indicating their assessment of Audit Quality Indicators (AQIs) on a yearly basis?	Audit committees are expected to complete the AQIs annually.
Overall	The list of stated AQIs seems comprehensive and will serve well as guidance to schemes on factors/requirements to consider in the evaluation, selection and appointment of external audit service providers. The diverse nature of medical schemes (open, closed, self-administered), their governance structures (complex or simplified but fit for purpose), resources (financial and human) and membership base (large to small), may require an approach where said schemes are allowed leeway to alter, select, supplement and apply AQIs it deem most appropriate to consider and utilise during the external audit provider appointment process.	<p>The CMS AQIs must be used as a minimum consideration. The CMS encourages audit committees to consider other relevant indicators not included in the CMS AQIs in appointing and assessing eligible audit firms.</p> <p>The AQIs were designed such that they are applicable to all schemes; however, audit committees are encouraged to consider the AQIs within the scheme-specific context and circumstances.</p>
Overall	Clarification is required regarding the level of detail, if any, expected from medical schemes concerning the audit committee's assessment. Specifically, it is important to confirm whether CMS intends to mandate formal submissions from medical schemes as part of this process. Clear guidance on this point will help ensure that audit committees are fully aware of their obligations and can prepare and submit the required information in a timely and consistent manner, thereby supporting the overall objectives of regulatory oversight and audit quality.	The adopted AQIs will form the basis for approval of auditors as per Section 36(2). The process will require audit committees to submit their considerations and, where necessary, provide as evidence information received/assessed.
Overall	In considering finalising the AQIs and supporting appointment process guidance, the need for an efficient, effective, economic, simplistic, logical and pragmatic approach cannot be over-emphasised or overstated. Said guidance/requirements should consider setting clear guidelines on steps and timelines that will assist schemes to easily align with legislative requirements, not highly technical/overcomplicated in nature (must be logical and simplistic), does not require extraordinary resources to compile, evaluate	<p>The process can only improve over time as the process unfolds, and new knowledge is obtained from post-implementation feedback.</p> <p>Our AQIs have been benchmarked against AQIs issued by other regulators, such as IRBA. Audit committees can gain further understanding of the AQI analysis and observations by analysing the reports issued by these entities.</p>

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	<p>and assess (must be efficient, effective, economical and pragmatic). An overly onerous and complex process and requirement may drive unintentional escalation in non-value adding cost - especially if substantial proposals need to be compiled and assessed across numerous AQIs for various potential service providers in condensed timelines.</p> <p>Clarity/guidelines on the following may be beneficial / of assistance:</p> <ol style="list-style-type: none"> 1. Process steps and proposed timelines - aligned with legislative requirements 2. Schemes vs CMS responsibilities during the appointment process - pragmatically aligned with legislation 3. Schemes' right to define and determine their own evaluation rating (AQI) criteria and assessment scoring methodology/matrix 4. Schemes' responsibilities to validate information obtained to inform the evaluation/assessment process 5. Schemes, options / suggested course of action should be provided if providers refuse to supply information deemed sensitive / result in uncompetitive behaviour. 6. Schemes' responsibilities to record/document and support their assessment and appointment process 7. Schemes' responsibilities include reporting to CMS on the selection and appointment process and obtaining approval 8. CMS' right to approve/reject appointments and subsequent processes to address and remediate the outcomes of CMS' decision. 	<ol style="list-style-type: none"> 1. Process steps and proposed timelines <ul style="list-style-type: none"> - CMS will issue additional circulars relating to the process. The adopted AQIs are effective for the audits of financial years beginning 1 January 2026. 2. Scheme vs CMS responsibilities <ul style="list-style-type: none"> - Similar to the auditor approval process, medical schemes will evaluate and appoint an auditor for the ensuing year with the aid of CMS AQIs. The scheme will submit the required information on its appointed auditor (including AQI information) to CMS through a designated portal. CMS will then evaluate the application for approval in terms of Section 36(2). 3. Schemes' right to define and determine their own evaluation rating (AQI) criteria and assessment scoring. <ul style="list-style-type: none"> - The CMS AQIs must be used as a minimum consideration. The CMS encourages audit committees to consider other relevant indicators not included in the CMS AQIs in appointing and assessing eligible audit firms. 4. Responsibility to validate the information. <ul style="list-style-type: none"> - It is the audit committee's responsibility to evaluate the need to validate the authenticity of the information received. <p>Audit firms have the responsibility to comply with the fundamental principles of integrity, objectivity, professional competence, due care, and professional behaviour.</p> 5. Refusal to supply information deemed sensitive. <ul style="list-style-type: none"> - It is the audit committee's responsibility to evaluate whether it has enough information to make an informed decision. 6. Schemes' responsibilities to record/document and support their assessment <ul style="list-style-type: none"> - The audit committee will be responsible for documenting their considerations and, where necessary, providing evidence received and assessed.

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		<p>7. Schemes' responsibilities to report to CMS on the selection and appointment process and obtain approval. - Please refer to point 2 on responsibilities.</p> <p>8. CMS' right to approve/reject - Section 36(2) of the Act requires that the CMS approve the appointment of auditors. The adopted AQIs will offer valuable insight into the audit committee's considerations when selecting auditors and will serve as a basis for justifying CMS's approval.</p>