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| **INDEPENDENT REGULATORY BOARD FOR AUDITORS****COMMITTEE FOR AUDITING STANDARDS** |

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| ***Proposed Revised Guide for Registered Auditors:******Assurance Engagements on the Annual Financial Statements and Annual Statutory Returns of a Medical Scheme***Johannesburg / 6 June 2018The Independent Regulatory Board for Auditors' (IRBA) Committee for Auditing Standards (CFAS) approved the release of the Proposed Revised *Guide for Registered Auditors:* *Assurance Engagements on the Annual Financial Statements and Annual Statutory Returns of a Medical Scheme* (this proposed Guide), in May 2018 for exposure for public comment by **10 August 2018**.This proposed Guide provides guidance to a registered auditor on conducting an assurance engagement on the annual financial statements and annual statutory returns of a medical scheme.This guidance focuses on understanding the nature and characteristics of a medical scheme, as well as the nature and extent of work on the engagement.**Revisions made to this proposed Guide**This proposed Guide includes the following:* Conforming amendments arising from the Constitutional Court ruling rendered on 6 June 2017, in relation to the correct accounting treatment of members' personal savings accounts (PMSA monies). This ruling applies prospectively.
* Conforming amendments arising from legislation changes that result in accredited managed healthcare services now being included as claims.
* Including a reference to the Protection of Funds Act in the ISAE 3000 (Revised) illustrative report, as well as a reference to the Prescription Act 68 of 1969.
* Conforming amendments, where considered necessary, arising from the revision of the following ISAs:
	+ ISA 260 (Revised*), Communication with Those Charged with Governance;*
	+ ISA 700 (Revised), *Forming an Opinion and Reporting on Financial Statements*;
	+ ISA 705 (Revised), *Modifications to the Opinion in the Independent Auditor's Report*;
	+ ISA 706 (Revised), *Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report*;
	+ ISA 720 (Revised), *The* *Auditor's Responsibilities Relating to Other Information;*
	+ ISA 800 (Revised), *Special Considerations - Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks*; and
	+ ISA 810 (Revised), *Engagements to Report on Summary Financial Statements*.
* Inclusion of requirements arising from the new ISA 701, *Communicating Key Audit Matters in the Independent Auditor's Report*.

The abovementioned ISAs are effective for audits of financial statements for periods ending on or after 15 December 2016.* Conforming amendments, where considered necessary, arising from the revision of the following International Standard on Assurance Engagement (ISAE):
	+ ISAE 3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*

The abovementioned ISAE is effective for audits of financial statements for periods ending on or after 15 December 2015.**Proposed effective date**Depending on the comments received, it is anticipated that the final Guide will be approved by the CFAS in November 2018 and issued in December 2018, with such approval and issue being noted at the subsequent meeting of the IRBA Board.It is expected that this proposed Guide will be effective for engagements on accounting periods ending on or after 31 December 2018. Early adoption is encouraged. As with early adoption of the new and revised ISAs permitted by the IAASB, early adoption of this proposed Guide will also be permitted where the auditor has early adopted the underlying suite of new and revised IAASB standards.**Request for comments**The CFAS welcomes comments on all matters addressed in this proposed Guide.We invite registered auditors and other interested parties to submit any comments regarding this proposed Guide to the IRBA by **10 August 2018**. Comments should be submitted by e-mail to standards@irba.co.za in Word format. All comments will be considered a matter of public record.A copy of this exposure draft is available in PDF format and may be downloaded from the [exposure drafts page](http://www.irba.co.za/guidance-to-ras/technical-guidance-for-auditors/exposure-drafts-and-comment-letters) on the IRBA website. Should you have any other queries, please do not hesitate to contact the Standards Department by sending an email to standards@irba.co.za..**Imran Vanker****Director: Standards*****About the IRBA****The objective of the IRBA is to endeavour to protect the financial interests of the South African public and international investors in South Africa through the effective and appropriate regulation of audits conducted by registered auditors, in accordance with internationally recognised standards and processes.**The statutory responsibility of the CFAS is to assist the IRBA to develop, maintain, adopt, issue or prescribe auditing pronouncements; to consider relevant international changes by monitoring developments by other auditing standard-setting bodies and sharing information where requested; and to promote and ensure the relevance of auditing pronouncements.* |