

---

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

---

***Revised Guide for Registered Auditors:  
Assurance Engagements on the Annual Financial Statements and Annual Statutory  
Returns of a Medical Scheme***

Johannesburg / 6 December 2018

The CFAS approved the *Revised Guide for Registered Auditors: Assurance Engagements on the Annual Financial Statements and Annual Statutory Returns of a Medical Scheme (this Revised Guide)* in November 2018 for issue.

This Revised 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 Revised Guide**

This Revised Guide addresses 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 effect the treatment of accredited managed healthcare services.
- 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*.

All the ISAs mentioned above 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*. This ISAE is effective for audits of financial statements for periods ending on or after 15 December 2015.
- Conforming amendments arising from Circular 38 of 2018, *Audit tenure*, issued on 3 August 2018 by the Council for Medical Schemes. Circular 38 of 2018 requires the auditor's reports on the annual financial statements to disclose the number of years that both the audit firm and the engagement partner have been the auditor of a medical scheme (audit tenure). This is applicable for audit reports on the annual financial statements of all medical schemes for periods ending on or after 31 December 2018.
- IRBA *Code of Professional Conduct for Registered Auditors (Revised November 2018)*.

### **Effective date**

The Revised Guide is effective for engagements on accounting periods ending on or after 31 December 2018.

This Revised Guide is available in both Word and PDF formats and may be downloaded from the [IRBA website](#).

**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.*