

## Annexure C

### The role and duties of Trustees

The duties of Trustees are described in the approved Scheme Rules.

#### ***Fiduciary Duties of the Board***

**Rule 19:** *The Board shall in addition to those duties specified elsewhere in these rules:*

- 19.1 *appoint a principal executive officer in terms of section 57 (4) (a) of the Act who shall be the Principal Officer of the Scheme provided that the following persons are not eligible to be a Principal Officer –*
  - 19.1.1 *an employee, director, officer, consultant or contractor of the Scheme’s administrator or of the administrator’s holding company, subsidiary, joint venture or associate of that administrator;*
  - 19.1.2 *a broker or an employee, director, officer, consultant or contractor of any person contracted by the Scheme to provide broker services;*
  - 19.1.3 *A Principal Officer or office bearer of another medical scheme; or*
  - 19.1.4 *Otherwise has a material relationship with any person contracted by the Scheme to provide administrative, marketing, broker, managed healthcare or other services or with its holding company, subsidiary, joint venture or associate.*
- 19.2 *take the necessary action to fill the vacancy of the Principal Officer, on a temporary basis, in the event of the termination of the appointment of the Principal Officer or resignation of the Principal Officer, until such time as a replacement Principal Officer is appointed on a permanent basis;*
- 19.3 *cause the proceedings of all Annual General Meetings, special general meetings, ordinary Board meetings, special Board meetings and committee meetings to be properly minuted and the minutes of such meetings shall be laid before the first succeeding respective meeting, provided that the minutes of every special general meeting shall, as the Board may decide, be laid before the first succeeding special general meeting or Annual General Meeting. If the minutes of any such meetings are accepted as correct, they shall be signed by the Chairperson;*
- 19.4 *be responsible for the proper and sound management of the Scheme, at arm’s length and in terms of these rules;*
- 19.5 *act with due care, diligence and skill and in good faith;*
- 19.6 *avoid conflicts of interest, and must declare any interest they may have in any particular matter serving before the Board;*
- 19.7 *apply sound business principles and ensure the financial soundness of the Scheme;*
- 19.8 *The Board shall appoint a Principal Officer who is a fit and proper person, as defined in Section 57, to hold such office and within 30 days of such appointment, give notice thereof in writing to the Registrar. The Board must determine the terms and conditions of employment of the person so appointed.*
- 19.9 *The Board delegates authority to the Principal Officer to appoint any staff, which in its opinion are required for the proper execution of the business of the Scheme and must determine the terms and conditions of service of any person employed by the Scheme.*
- 19.10 *The Board delegates authority to the Principal Officer to ensure that staff of the Scheme must, in terms of current applicable legislation including Protection of Personal Information Act, ensure the confidentiality of all information regarding its members.*

- 19.11 *The Chairperson or the Vice Chairperson must preside over meetings of the Board and ensure due and proper conduct at meetings. In the absence of a Chairperson or Vice Chairperson, the Trustees present shall elect a Chairperson for the meeting from amongst themselves.*
- 19.12 *The Board must cause to be kept such minutes of all resolutions passed, accounts, entries, registers and records as are essential for the proper functioning of the Scheme.*
- 19.13 *The Board must ensure that proper control systems are employed by and on behalf of the Scheme.*
- 19.14 *The Board must ensure that adequate and appropriate information is communicated to the members regarding their rights, benefits, contributions and duties in terms of the rules.*
- 19.15 *The Board must take all reasonable steps to ensure that contributions are paid timeously to the Scheme in accordance with the Act and the rules.*
- 19.16 *The Board must take out and maintain an appropriate level of professional indemnity insurance and fidelity guarantee insurance.*
- 19.17 *The Board must obtain expert advice on legal, accounting, clinical, actuarial and business matters as required, or on any other matter of which the members of the Board may lack sufficient expertise.*
- 19.18 *The Board must ensure that the rules and the operation and administration of the Scheme comply with the provisions of the Act and all other applicable laws.*
- 19.19 *The Board must take steps to ensure the integrity of all documents, data and information transferred to the new administrator and managed care organisation. The change in administrator must comply with the Board Notice (BN) 73 of 2004.*
- 19.20 *The Board must take all reasonable steps to protect the confidentiality of medical records concerning any beneficiary's state of health in terms of the Protection of Personal Information Act.*
- 19.21 *The Board may delegate authority to the Principal Officer to approve all disbursements necessary for the day to day running of the Scheme.*
- 19.22 *The Board shall arrange for the preparation of the Annual Financial Statements and shall ensure compliance with all statutory requirements pertaining thereto.*
- 19.23 *The Board must cause to be kept in safe custody, in a safe or strong room at the registered office of the Scheme or with any financial institution approved by the Board, any mortgage bond, title deed or other security belonging to or held by the Scheme, except when in the temporary custody of another person for the purposes of the Scheme.*
- 19.24 *The Board must make such provision as it deems desirable, and with due regard to normal practice and recommended guidelines pertaining to retention of documents, for the safe custody of the books, records, documents and other effects of the Scheme.*
- 19.25 *The Board must disclose annually in writing to the Registrar, any payment or considerations made to Trustees in that particular year by the Scheme as prescribed.*
- 19.26 *The Board of Trustees' total remuneration must be established through an independent process and annual increases must be approved by the members at the AGM.*
- 19.27 *The Board shall cause to be done a 'Board effectiveness self-assessment' on an annual basis with due regard to normal practice.*
- 19.28 *The Board must appoint the Audit Committee annually.*
- 19.29 *The Board shall ensure that every existing and newly appointed/elected Board member undergoes trustee training, which may include induction training and attendance of the accredited skills programme provided by the Council.*