



Affordable Justice

2021/22 Annual Report

Community Schemes Ombud Service



human settlements

Department:
Human Settlements
REPUBLIC OF SOUTH AFRICA

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PART A
**GENERAL
INFORMATION**

1. ENTITY GENERAL INFORMATION

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EXTERNAL AUDITORS:	Auditor-General SA
BANKERS:	First National Bank (FNB)
COMPANY /BOARD SECRETARY:	Adv. Risenga Maruma (Resigned December 2021)



2. LIST OF ABBREVIATIONS/ ACRONYMS

AGSA	Auditor General South Africa
APP	Annual Performance Plan
ARC	Association of Residential Communities
ARC	Audit and Risk Committee
BAS	Business Automation Solution
BASA	Banking Association of South Africa
B-BBEE	Broad-Based Black Economic Empowerment
CSOS	Community Schemes Ombud Service
CIPC	Companies and Intellectual Property Commission
CFO	Chief Financial Officer
CO	Chief Ombud
CRM	Customer Relationship Management
DHS	Department of Human Settlements
DPME	Department of Planning, Monitoring and Evaluation
EE	Employment Equity
ERP	Enterprise Resource Planning
EXCO	Executive Committee
FINCOM	Finance Committee
GRAP	Generally Recognised Accounting Practice
HOAs	Homeowners' Associations
HR	Human Resources
ICT	Information, Communications and Technology
IRBA	Independent Regulatory Board for Auditors
MOU	Memorandum of Understanding

MOU	Memorandum of Understanding
M&E	Monitoring and Evaluation
MTEF	Medium Term Expenditure Framework
MTSF	Medium Term Strategic Framework
NAMA	National Association of Managing Agents
NDoHS	National Department of Human Settlements
NDP	National Development Plan
NSDF	National Spatial Development Framework
LATCOM	Legislation, Adjudication and Transformation Committee
PDA_s	Priority Development Areas
PDI	Previously Disadvantaged Individual
PPRA	Property Practitioner Regulatory Authority
PFMA	Public Finance Management Act
Q	Quarter
SDG	Sustainable Development Goals
SMART	Specific, Measurable, Achievable, Realistic and Time-Bound
SG	Surveyor General
SARS	South African Revenue Services
STSMA	Sectional Titles Schemes Management Act
SLA	Service Level Agreement
SONA	State of The Nation Address
VBS	Venda Building Society

FOREWORDE BY THE MINISTER



MMAMOLOKO KUBAYI, MP
MINISTER OF HUMAN
SETTLEMENTS

The Community Schemes Ombud Service (CSOS) has been established to regulate the conduct of parties within community schemes. The most important tools the service has at its disposal is the capacity to provide a dispute resolution service and also provide stakeholder training, consumer education and awareness for property owners, occupiers, and other stakeholders.

The current trends show that the option of living in a community scheme is increasingly becoming the preferred tenure option for many South Africans in urban areas. Such a move is associated with benefits that accompany tenure in a community scheme offers. These include affordability, shared costs, security and shared responsibility for buildings or parts of land. Inevitably, the diversity of individual interests in a community scheme setting lead to disputes. Therefore, the regulation of community schemes requires an intricate balance of the protection of individual housing consumer rights; the application of fair, just, and transparent legal recourse; and the provision of education, information, documentation and any such services as may be required to raise awareness to owners, occupiers, trustees, homeowners' associations, body corporates, and other persons as to their rights and obligations.

In light of the rising number of community schemes, CSOS does not only have to increase its capacity to regulate, but it also has to improve the quality and efficiency of its service. The improvement of the audit outcome from the baseline which was a "qualified" to an "Unqualified" audit opinion is an indication that the entity understands the principle of continuous improvement. The work to improve governance must continue so that all historical problems can be resolved, and the entity focuses on maximizing its performance on its core mandate.

In the 2021/22 financial Year, there was a decline in the number of registrations of schemes as compared with the 1127 registration documents submitted during the 2020/21 financial year. The total number of schemes registered during the period under review was 925. I welcome the development of the Compliance and Enforcement Implementation Roadmap to respond to this decline in order to address the issue of Schemes that treat registration with the CSOS as something they can ignore without having to face any consequences.

During the period under review, dispute resolutions services received a total of 8 308 applications for dispute resolution, this is an increment of 1 913 more disputes received as compared to the previous financial year where the dispute resolution services received a total of 6 395 applications. Of these, 5 384 disputes were finalised, 1 635 were rejected, 2 149 were conciliated and 1 600 were adjudicated. Dispute resolution function has seen the speed and responsiveness of the organization rising to comforting levels thus leading to the total eradication of the backlog. However, the organization still needs to improve the client experience in this service area by, inter alia, enhancing its communication of dispute outcomes to its clientele and the reasons thereof.

I am pleased to note that the overall organizational performance has improved in the year under review compared to previous years registering an achievement of 82% versus 60% for the same period in the previous financial year. I am confident that the entity's performance will continue on this trajectory in the coming years.

I would like to appreciate the oversight work done by the Community Scheme Ombud Service Board, the dedication and hard work of the CSOS executive team and the entire staff under the leadership of the Chief Ombud as demonstrated by entity's much improved performance.

Mmamoloko Kubayi, MP
Minister of Human Settlements

29/09/2022

Date

3. MESSAGE FROM COMMUNITY SCHEMES OMBUD SERVICE (CSOS) BOARD CHAIRPERSON



Ms P. Mthethwa
Chairperson of the Board

On behalf of the Board of the Community Schemes Ombud Service (CSOS), it is my pleasure to present the Entity's 2021/22 Annual Performance Report and the statement of our financial results, to our Executive Authority.

The new Board has hit the ground running, seeking to build on the foundation that the previous board has made, and enhancing strategies to ensure the targets are met.

Since the Board's appointment in January 2022, the CSOS Board has endeavoured to discharge its responsibilities to the best of its ability, to meet the tremendous demands on Human Settlements to deliver services to citizens in accordance with its mandate. As the new Board, we greatly appreciate a concrete foundation laid by the previous Board. The organisation has done phenomenally well in terms of achieving its set annual performance targets, registering 82% performance against set targets thus exceeding its previous year performance by 22%. The Minister and our stakeholders have high expectations from the CSOS, and we must continue to strive for service excellence.

Considering the historical negative perceptions about the image of the CSOS, it has been the Board's focus to project the CSOS as a viable, effective, and efficient Regulator. There is a clear indication that the right presence in the market is needed and that CSOS cannot be a faceless organisation. There must be interaction with other entities and CSOS will continue to find ways of enhancing its interaction with its stakeholders. A culture of talking and sharing of ideas has already been embedded in the multiple public profile enhancements that came through a series of print and electronic media interviews and articles.

As an entity of government, CSOS, therefore, will work tirelessly on improving service excellence, and embracing its values of accountability, innovation, and independence in serving our markets. The reality of Covid-19 pandemic, has forced us to be innovative in our business approach, employing ICT as a key enabler for service delivery. We have seen this succeed in the resolution of our many disputes which were largely concluded and handled via virtual platforms.

We continue to focus on the Vision, Mission, and Values as they ought to be the bedrock of the organisational culture. Emphasis will also be put on the consistency of positive experience by clients, a more visible brand in the market and a focus on the stakeholders' needs.

In fulfilling its role to guide and steer the Entity towards achieving its mandate, the Board has overseen and monitored the implementation of the organizational the 2021/22 Annual Performance Plan. I am also pleased with the improvement of our audit outcome from the baseline which was a "qualified" audit opinion in the prior year to an "unqualified" audit opinion with findings.

Our oversight role coupled with Management's resolve to institute adequate controls has started to yield positive results. Our performance as an institution has historically not been satisfactory with the 2020/21 financial year recording 60% of the performance targets being met.

We are aware of the challenges that have inhibited our performance in this regard including but not limited to the absence of an effective business automation solution, delays in the finalization of adjudication matters caused by Covid-19 lockdown as well as a huge backlog and our inability to account for the complete universe of the Schemes. We have a new approach and strategy to tackle these challenges in the new financial year and have already seen great progress towards the processing of these performance areas.

The Board also report on the progress made with regards to the implementation of the priority areas:

Schemes registration:

During the period under review, we acquired a list of all the community schemes in South Africa. Furthermore, a service provider was appointed to analyse, verify, and cleanse all registered data on the SAGE System and the Share Point, and link it to the data received from Lightstone, to identify schemes are not registered with CSOS.

The identification of schemes not registered with CSOS, will enable the implementation of the Compliance and Enforcement Strategy. The objective of the strategy is to have in place effective systems to maximise schemes' compliance with their duties and obligations as per the CSOS Act, STSMA Act and other relevant legislations applicable to specific schemes.

Amendments of CSOS'S Act:

The Entity embarked on a process to amend the CSOS'S Act and STSMA for purposes of enhancing the CSOS mandate, regulatory powers, and operational efficiencies.

The acquisition of Business Automation Solution System - we have embarked on a digital journey. A fully transactional web-based application for our customers and partners, as well as an associated administration portal for us as internal staff was developed in the period under review.

Dispute resolution: The historical backlog was cleared, and Regions are ensuring that there are tight controls on turnaround times for current disputes in order to avert a relapse into the backlog once again. There was also an improvement in the dispute resolution process as some of disputes which were concluded and handled via virtual platforms.

In the 2022/23 financial year the Board will oversee the finalisation of the Organisational designs (OD, capacitate structure, and empower management and business Units to focus on service delivery, using new technology.

The plan across the Human Settlements portfolio is to ensure that the culture of continuous improvement takes root. In this regard, I am very pleased that CSOS has set itself the target of achieving an unqualified audit opinion with limited findings for the 2022/23 financial to be followed by a clean audit in the remaining last 2 years of the MTSF (2023/24 and 2024/25).

We are thankful and appreciative of the work done by the Board and staff thus far in terms of accelerating delivery of the CSOS mandate.

On behalf of the CSOS Board, I wish to extend our sincere gratitude to the Honourable Minister, Deputy Minister, and the Department as well staff of CSOS for their support and dedication, over the year.



Ms P. Mthethwa
Chairperson of the Board

31 August 2022

Date

4. REPORT OF THE ACCOUNTING OFFICER



Advocate B Mkhize
Chief Ombud (CO)

3.1 Overview of the operations of the Community Schemes Ombud Service

I am pleased to submit the Annual Report of the CSOS, which coincides with my first anniversary at the CSOS. The beginning of the financial year was marked by an increase in COVID-19 infections, which forced our employees to work remotely. Our adjudications were also conducted virtually. This was not unique or special as many businesses made similar adjustments. What was however remarkable over the last year, was the CSOS ability to navigate these challenges as a result of its deep-seated commitment to our values. During a crisis, our values tend to be inadvertently put to the test. Our values have made and continue to make this organisation, its employees, and indeed our Board stronger and braver together.

We started the financial year with a commitment towards a new path of responsiveness to stakeholders and transforming into a high performing organisation. The overall performance has improved as compared to the previous financial years. Our indicators suggest that our performance as at year-end was registered at 82% against our set annual performance plan targets versus 60% for the same period in the previous financial year. This is due to oversight and close monitoring of monthly performance and putting in place corrective measures with the Executives of individual Units.

The following are the deliverables that have been implemented so far in getting the organisation on the right path:

- **The need to have an effective regulatory framework.** The process to draft new regulations and amendment to the relevant legislation commenced and will continue during the 2022-23 financial year.
- **Organisational re-alignment:** In order to enhance transformation and provide for adequate capacity to deliver services, the CSOS commenced with the organizational re-alignment. As at year end, the draft structure was still a subject of consideration by the Minister.
- **Schemes governance:** CSOS completed the process of accounting for the universe of schemes and related data cleansing processes commenced in earnest. Furthermore, this process requires CSOS to move to the extent of reviewing the reasonableness of the schemes rules for soundness as there was an emerging behaviour of certain schemes that was not in the consumer interests. Transparency and the sharing of information within schemes was inadequate and this has been attended to.
- **The historical backlog** was cleared, and Regions are ensuring that there are tight controls on turnaround times for current disputes in order to avert a relapse into the backlog once again. Our efficiencies in dispute management are beginning to pay-off as a result of some basic yet

effective initiatives such as removing burdensome administrative and uneconomical requirements of collecting the R50 fee for conciliations and R100 for adjudications. Our intense focus on the clearing of the backlog affected our ability to adhere to the 90day turnaround time for conciliations and adjudications as we committed most of our resources to clearing the historical backlog of disputes. This paid off with the entire backlog being eliminated by the end of the financial year thus paving a way for our Disputes Team to focus on swift turnaround times for the management of disputes, conciliations, and adjudications.

- **IT systems environment:** Significant work to move the CSOS into a fully automated environment commenced during the financial year resulting in two (2) core business modules being developed in accordance with the set annual performance targets. A Business Automation System (BAS) Project to be supported by a well-designed ERP system was therefore inaugurated during the financial year and is well underway.

- **Driving transformation of the industry is critical:** This was also indicated as a key priority. Issues of SCM targets for procurement from youth, women and persons living with disabilities had to be implemented. We saw a huge improvement in this area driving our performance to 77% of procurement from historically disadvantaged groups compared to less than 50% of the previous financial year. We also commenced a monumental task of changing the racial demographics of the population of managing agents which project is gaining significant momentum and will begin yielding positive outcomes during the next financial year.

- **Good governance:** Risk management implementation and staying true to the frameworks, being auditable and accountable was another focus. Adequate support to the Board will be enhance once the OD is finalised. Capacitating ERM is essential. However, a foundation was laid by ensuring that all the relevant policies are approved by the board:

- While the area of complaints by customers is a concern, we have invested in a customer relationship management technology which will provide real-time updates on our clients' matters lodged with the CSOS. This will significantly attend to some unhappy clients while also creating necessary performance pressure to our employees. The Board is satisfied with the audit outcome obtained, of the Unqualified Audit opinion with findings, which is a significant achievement given that the entity has slowly moved from a disclaimer and then to a qualification over the years due to failure to collect revenue, as result of very slow registration of schemes. This achievement came about as a result of a great effort of partnerships with other entities, to obtain more information,

as well as rigorous marketing and branding campaigns which the entity embarked on.

Continuous engagements with industry, communication, and feedback increased during this reporting period. We are also on a path of transforming the sector and in this regard, we have had several engagements with big Managing Agents to assist us by playing a role in sector transformation. Our stakeholders are recognising the value we bring to them in terms of service delivery and responsiveness to their needs. This collaboration has led to us signing Memoranda of Understanding with Pretor, MidCity and Trafalgar, which is a huge milestone towards enhancing economic participation of the emerging Black Managing Agents.

As CSOS, we have embarked on a digital journey, a CSOS business automation system - A fully transactional web-based application for our customers and partners, as well as an associated administration portal for us as internal staff. The new customer portal is designed on the premise of letting our customers help themselves for greater efficiencies and ease of communication and service with the CSOS. The user and scheme registration process are to be fully automated, validations automatically done, documents electronically attached, and governance and compliance information placed in the hands of our customers.

We are at the tail-end of our organizational redesign process which will see the CSOS being adequately capacitated with the right set of skills and capacity in various areas of our business. Our engagements with the trade union and staff are improving and we are seeing better collaboration in designing the future of the CSOS.

We have improved on our turnaround times for disputes management resulting in us clearing the backlog of disputes as at year end. We are continuously providing more efficient and better service to our Schemes in terms of governance documentation and there is a general culture improvement towards customer satisfaction.

Our interaction with Schemes from a billing point of view have also improved and we are in the process of sanitizing our billing and revenue collection processes. We are geared up to improve our customer experience with the CSOS.

Thank you to all of our dedicated staff for their continued commitment to building our organisation and delivering on our mission. They shouldered our organisational responsibilities by being the model of efficiency, effectiveness, and unparalleled customer orientation. We are indeed a winning CSOS

4.2 Overview of the financial results

4.2.1 ORGANISATIONAL RECEIPTS

The performance of the CSOS for the 2021/22 Financial year in terms of levy collection exceeding the estimated target.

	2021/22			2021/22		
	Estimate	Actual amount collected	(Over)under collection	Estimate	Actual amount collected *restated	(Over)under collection
	R'000	R'000	R'000	R'000	R'000	R'000
Levy Income	239,398	250,518	(11,120)	217,000	223,570	(6,570)
Government Grant	24,022	24,022	0	23,597	23,597	0
Interest Income	9,111	5,924	3,187	11,500	6,089	5,411
Dispute Resolutions	447	537	(90)	424	465	41
Other Income	0	58	(58)	0	0	0
TOTAL	272,978	281,059	8,081	252,521	253,721	1,200

Table 1

4.2.2 PROGRAMME EXPENDITURE

	2021/22			2021/22		
	Estimate	Actual amount	(Over)under expenditure	Final appropriation	Actual expenditure *restated	(Over)under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
1. Administration	140 157	107 510	(32,647)	301 264	81,178	(220,086)
2. Regulation	109 425	53 954	(55,471)	73 914	39 874	(34,040)
3. Education and training	14 587	8 713	(5,874)	20 412	0	(20,412)
TOTAL	264 168	170 177	-93,992	253 502	121,052	-274,539

Table 2

4.2.3 ROLL-OVERS/ADDITIONAL FUNDING

The CSOS was granted approval by the National Treasury to retain R170 million of the R247.6 million rand in 2020/21 Financial year and the balance of R77.6 million balance was still under negotiation as at year end and not surrendered.

4.2.4 VIREMENTS

Not Applicable to CSOS.

4.2.5 FUTURE OF THE ENTITY

The CSOS continues to sustain itself through the levies collected and as at the end of the financial year, the COVID-19 has not had drastic effects on the CSOS' ability to collect as it managed to collect more than 12% of the targeted levy amount. The entity continues to have a positive cash flow outlook and it continues to operate as a going concern.

4.2.6 PUBLIC-PRIVATE PARTNERSHIPS

There were no public private partnerships entered into during the period under review.

4.2.7 DISCONTINUED ACTIVITIES/ACTIVITIES TO BE DISCONTINUED.

The charging of dispute application and adjudication fees was discontinued from 30 November 2021.

4.2.8 NEW OR PROPOSED ACTIVITIES

The CSOS embarked on the billing of all community schemes on the registration database from 14 February 2022. Proposed activities for the 2022/23 include rolling out of the CSOS connect modules of the Business Automation project which will enable CSOS customers to access real-time data for levies as well as make payments online.

4.2.9 SUPPLY CHAIN MANAGEMENT

The CSOS welcomes to embraces the improvements and guidelines issued by the National Treasury which includes establishment of the Loss Control Committee to deal with all identified irregular expenditure and fruitless and wasteful expenditures and consequence management thereof. National Treasury reviewed and prescribed new procurement thresholds which became effective on 1 July 2021, to enable a more efficient procurement process, which have been duly implemented by the CSOS.

On the 16th of February 2022, the Constitutional Court handed down judgment in the application by National Treasury for leave to appeal against a judgment and order of the Supreme Court of Appeal. The 2017 Preferential Procurement Regulations in its entirety were declared invalid. The majority judgment was, however, silent on the question of remedy and to address uncertainty, the Minister decided to bring an application to the Constitutional Court, on an urgent basis, to seek confirmation from the Court that the order of invalidity of the 2017 Regulations has been and continues to be suspended. The CSOS has been granted exemption post year-end to continue with procurement of all its critical projects as listed in its application.

4.1.10 GIFTS AND DONATIONS RECEIVED IN KIND FROM NON-RELATED PARTIES.

No Gifts and donations were received in kind from non-related parties during the financial year

4.2.11 EVENTS AFTER THE REPORTING DATE

Covid 19 Update: The SA Government had declared a National State of Disaster the spread of the Corona Virus (COVID-19) followed by a lockdown that enforced various measures that led to reduced business activity across the globe during the financial year under review which has since been uplifted post year end on the 4th of April 2022.

Statutory Receivables: The CSOS uses the information relating to levies received after the reporting date but before the date the annual financial statements are authorized for issue, as an adjusting event to determine the amount of receivables at year end and the accrued levies revenue.

Levies received from 01 April to 07 April 2022 were analysed, using the levy schedule provided by the community schemes to determine the amount of levies that relate to the period under review. The amounts are as per the disclosure in the note 4 on Statutory Receivables (Receivables from non-exchange transactions).

4.2.12 INVESTIGATIONS

VBS Update:

CSOS was advised by the Directorate for Priority Crimes Investigation (DPCI), known as the "Hawks" that the investigation has been concluded in respect of the CSOS Investment and it has revealed the movement of monies and persons involved. At the time of reporting the CSOS was yet to receive the actual report and consider options for the possible recovery of the monies lost. In the meantime, the CSOS has listed as part of the creditors for the liquidation processes to unfold.

4.2.13 Approval and sign-off

The 2021/22 AFS have been approved by the Accounting Authority.

Yours faithfully



Adv B Mkhize
Chief Ombud

31 August 2022

Date

5. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT



Ms P. Mthethwa
Chairperson of the Board

To the best of my knowledge and belief, I confirm the following:

- 5.1 All information and amounts disclosed in the annual report are consistent with the annual financial statements audited by AGSA. The annual report is complete, accurate and free from any omissions. The annual report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury.
- 5.2 The Annual Financial Statements (Part E) have been prepared in accordance with the GRAP standards applicable to the public entity.
- 5.3 The Accounting Authority is responsible for establishing and implementing a system of internal controls which has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements. The external auditors are engaged to express an independent opinion on the annual financial statements.
- 5.4 In our opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the public entity for the financial year ended 31 March 2022.

Yours faithfully

Ms P. Mthethwa
Chairperson of the Board

31 August 2022

Date

6. STRATEGIC OVERVIEW

VISION

A Credible, World Class Regulatory Authority for Community Schemes in South Africa.

MISSION

To ensure harmonious community schemes by providing regulation, education to all relevant stakeholders and an accessible dispute resolution service in an inclusive manner.

VALUES

Value	Description
ACCOUNTABILITY	The CSOS will apply innovative capabilities to improve its service delivery.
EXCELLENCE	The CSOS will provide excellent services to community schemes in a timely, cost-effective, and responsive manner.
INDEPENDENCE	The CSOS will act independently and objectively in the undertaking of its services.
INTEGRITY	The CSOS will execute its functions in an honest, ethical, transparent, and reliable manner.

Table 3

7. UPDATES TO THE RELEVANT LEGISLATIVE AND POLICY MANDATES

The Constitution of the Republic of South Africa (Act 108 of 1996), as the supreme law of the Republic of South Africa, along with the Bill of Rights, forms the legal foundation of a democratic South Africa, sets out the rights and duties of its citizens and defines the structure of government.

All government institutions, entities and municipalities ultimately derive their mandate from the Constitution. The derivation of the mandate of the CSOS is informed by:

- 1) **Chapter 1: Founding provisions:** Human dignity, the achievement of equality and the advancement of human rights and freedom.
- 2) **Chapter 21: Freedom of movement and residence:** Every citizen has the right to enter, to remain in and to reside anywhere in, the Republic.
- 3) **Chapter 24: Environment:** Everyone has the right to an environment that is not harmful to health or well-being; and have the environment protected, for the benefit of present and future generations, through reasonable legislative and other measures that prevent pollution and ecological degradation; promote conservation; and secure ecologically sustainable development and use of natural resources while promoting justifiable economic and social development; and
- 4) **Chapter 25: Property:** The State must take reasonable legislative and other measures, within its available resources, to foster conditions which enable citizens to gain access to land on an equitable basis.

The establishment mandate of the Community Schemes Ombud Service (CSOS) is informed by the Community Schemes Ombud Service Act, 2011 (No. 9 of 2011) - "CSOS Act".

The purpose of the CSOS Act is to provide for –

- a) the establishment of the CSOS.
- b) the functions, operations, and governance of the CSOS.

- c) a dispute resolution mechanism in community schemes.

ESTABLISHMENT OF THE CSOS

- a) Section 3 (1) of CSOS Act states "there is hereby established a juristic person to be known as the Community Schemes Ombud Service".
- b) Section 3 (2) of the Act states that "the CSOS operates as a national public entity listed in terms of the Public Finance Management Act (PFMA) with its executive authority vested in the Minister".
- c) Section 3 (3) states that the "CSOS must establish a National head office and, where necessary, Provincial offices".
- d) Section 3 (4) states that "the provisions of the PFMA apply to CSOS" Function of the CSOS.

FUNCTIONS OF THE CSOS

Section 4 (1) provides that the CSOS must:

- a) Develop and provide a dispute resolution service in terms of the CSOS Act.
- b) Provide training for conciliators, adjudicators, and other employees of the CSOS.
- c) Regulate, monitor, and control quality of schemes governance documentation.
- d) Take custody of, preserve, and provide public access electronically or by other means to schemes governance documentation.

Section 4 (2) provides that in performing its functions the CSOS:

- a) Must promote good governance of community schemes.
- b) Must provide education, information, documentation, and such services as may be required to raise awareness to owners, occupiers, executive committees and other persons or entities who have rights and obligations in community schemes, as regards to those rights and obligations.
- c) Must monitor community schemes governance.
- d) May generally, deal with any such matters as may be necessary to give effect to the objectives of this Act.

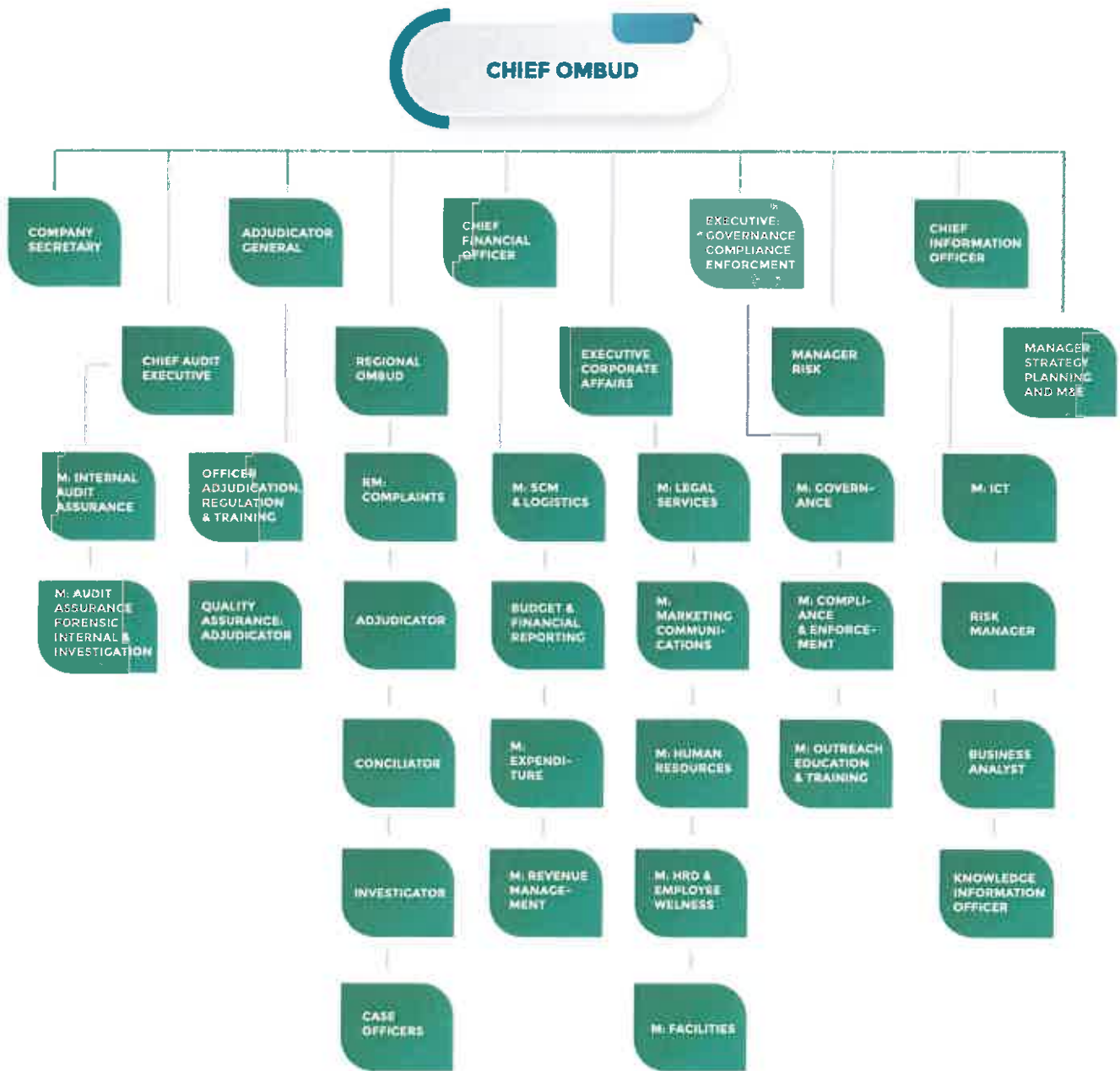
The CSOS is listed as a Schedule 3A National Public Entity in terms of the **Public Finance Management Act (Act No. 1 of 1999, as amended) (PFMA)**, accountable to the Minister for Human Settlements. As such, all prescripts and regulations arising from the PFMA are applicable to its governance and operations.

There are no updates to the legislative and policy mandates reflected in the approved 2020-2025 Strategic Plan, which reflects broadly as follows:



Figure 1

8. ORGANISATIONAL STRUCTURE



9. ENTITIES REPORTING TO THE MINISTER N/A



PART B
**PERFORMANCE
INFORMATION**

1. AUDITOR-GENERAL'S REPORT: PREDETERMINED OBJECTIVES

REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

INTRODUCTION AND SCOPE

In accordance with the Public Audit Act of South Africa 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected programme presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.

My procedures address the usefulness and reliability of the reported performance information, which must be based on the approved performance planning documents of the public entity. I have not evaluated the

completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the public entity enabled service delivery. My procedures also do not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programme presented in the annual performance report of the public entity for the year ended 31 March 2022.

Programmes

Pages in the annual performance report

Programme 2- Regulations

41 - 47

I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

I did not identify any material findings on the usefulness and reliability of the reported performance information for programme:

- Programme 2 - Regulations

2. OVERVIEW OF THE CSOS PERFORMANCE

2.1 SERVICE DELIVERY ENVIRONMENT





The adverse impact of the recessionary environment on households is particularly acute, including for those living in community schemes. South Africa is urbanising rapidly with 63% of South Africans already living in urban areas and the statistics will rise to 71% by 2030. By 2050, eight in 10 people will be living in urban areas and this will increase demand on basic infrastructure requirements. South Africa's urbanisation patterns are expected to reach 77.4% (49.1 million of a projected 63.4 million people) in 2050, from around 43% (5.8 million of 13.7 million people) in 1950.

The option of living in a community scheme is increasingly becoming the preferred tenure option for many South Africans in urban areas. This is due to a variety

of benefits that tenure in a community scheme offers – affordability, shared costs, security and shared responsibility for buildings or parts of land. Inevitably, where there are many and varied individual interests in a kept space, disputes will arise. Therefore, the regulation of community schemes requires an intricate balance of the protection of individual housing consumer rights; the application of fair, just and transparent legal recourse; and the provision of education, information, documentation and any such services as may be required to raise awareness to owners, occupiers, executive committees, and other persons as to their rights and obligations.

Good progress had been made internally in terms of registrations of schemes, dispute resolution, levy collection and stakeholder engagement and advocacy.

SITUATION ANALYSIS - EXTERNAL ENVIRONMENT ANALYSIS

Scheme Registration	Compliance & Enforcement	Levy Collection	Stakeholder Engagement & Advocacy Registration
			
<p>Registration is crucial for the collection of Levies. Decline in the registration from 1 503 in 2019/20, to 1127 in 2020/21, alludes to the challenge of registrations. Ongoing data cleansing and comparative study on information received from external sources.</p>	<p>CSOS Act is limited w.r.t enforcement, this needs legislative review</p> <p>Dispute resolution process has been automated and is now paperless using SharePoint CMS Dispute resolution Sops revised.</p>	<p>Levies are a major revenue source.</p> <p>100% targeted levy income collected in 2021, amounting to R223m & R217m in 2020</p> <p>No visible impact of COVID-19 on the collection of levies</p>	<p>Mandate to provide education, information, documentation & services to community schemes CSOS is currently building Regulator Powers Stakeholder Training Session conducted e-Newsletter publications</p>

During the period under review the Entity continued to implement the Community Schemes Registration Strategy. The objective of the strategy is to ensure that CSOS registers all community schemes so that they can be regulated in accordance with the CSOS Act. Part of the activities in the strategy was to coordinate engagements with institutions that have data for community schemes. The process of validating the registration database has commenced as per the recommendation from the data cleansing project report. This entails verification of all registration documents received (CS1 Form), since 2016. All outstanding information is being captured on the sage system. Engagement with SARS has also progressed in order to access the community Scheme database, as a result a proclamation was signed by the Minister of Finance authorising CSOS to access the information. This is due to the restrictions on access to information held by SARS in terms of the Tax Administration Act.

There was a decline in the number of registrations of schemes in the 2021/22 financial Year as compared with the 1127 registration documents submitted during the 2020/21 financial year. The total registered during the period under review is 925. In response to the decline in registration numbers and the non-compliance by the Community schemes, a Compliance and Enforcement implementation Roadmap was developed. CSOS is implementing the Compliance and Enforcement Strategy approved by the Board. The objective of the strategy is to have in place effective systems to maximise schemes' compliance with their duties and obligations as per the CSOS Act, STSMA Act and other relevant legislation applicable to specific schemes.

There is concern about current levels of compliance by some community schemes in terms of scheme registration, payment of levies and submission of governance documents as well annual returns. Non-compliance can be attributed to the following:

- Lack of vigorous compliance enforcement provisions in the CSOS Act.
- Lack of legislative powers to appoint Inspectors/ Investigators and their powers to investigate.
- Both internal and external stakeholders' engagement is not effective.

One of the enablers of the 2020-2025 CSOS Strategic Plan is the implementation of a Compliance and Enforcement Strategy, which seeks to establish effective systems to maximise the schemes' compliance with their duties and to ensure non-compliance is held at an absolute minimum, thereby ensuring that schemes comply with the CSOS Act, the Sectional Titles Schemes Management Act and other relevant legislation. The CSOS' Compliance and Enforcement Framework outlines how the CSOS will conduct its compliance and the enforcement activities to fulfil its role of regulating the registration of the schemes. The way a Regulator implements and enforces its legislation can make a significant difference to the industry.

The number of schemes governance documentation quality assured has increased from 1287 in the 2020/21 financial year to 1444 in the 2021/22 financial year, which is 157 more governance documentation quality assured in the 2021/22 financial year as compared to 2020/21. A total of 1113 certificates were issued for schemes governance documentation approved after quality assurance, which is 93 less certificates issued for community schemes governance documentation quality assured as compared to 1 206 in the 2020/21 financial year. New and innovative ways of managing the flow of work was introduced in the last quarter of the financial year with the electronic signing of compliance certificated on DocuSign. This introduction has improved the turnaround time for processing compliance certificates. A more increased performance is anticipated in the new financial year.

The CSOS Act was promulgated to amongst others, provide an affordable and effective dispute resolution mechanism within community schemes. The CSOS Dispute Resolution Model maps out stages to be followed in the dispute resolution process, including but not limited to the manner and instances upon which disputes must be finalised. Section 39 of the Community Schemes Ombud Service Act, No. 09 of 2011, prescribes Prayers for Relief which must be applied for and ordered, depending on merits, in resolving disputes emanating from community schemes. During the period under review, dispute resolutions services (regional offices) received a total of 8308 applications for dispute resolution, this is an increment of 1 913 more disputes received as compared to the previous financial year where the dispute resolution services (regional offices) received a total of 6395 applications.

Dispute model	Intake	Annual Assessed	Rejected Cases Management Officers	Referred To Conciliation	Conciliation Within 90 Days	Annual Conciliation	Annual Adjudication Ord	et To Adjudication	Adjudication Orders Within 90 Days
TOTAL	8308	7983	1633	2437	1783	2149	1600	2642	741

2.1.1 COMPARATIVE ANALYSIS: CSOS PERFORMANCE

Performance Indicator	2020/21 actual achievement	2021/22 actual achievement	Performance Analysis
Amount of levy	R223,594,212.78 of CSOS levy collected	R 250 518 259 .00 of CSOS levy collected	A total of 24 812 231 was collected on the set target of R 239 398 000 in the 2021/2022 financial year target, this translate to R28 860 190 more levy collected as compared to the previous financial year.
Percentage procurement spend to majority black-owned or controlled service providers (>50% black)	46,75% (R20 781 246.79 BBBEE spent over R44 447 884.30 total spending for the year) procurement spend to majority black-owned or controlled service providers (>50% black)	77% (R 17 012 424,47 / R22 139 411.69) spent on black-owned or controlled companies 7777 (>50% black)	31,25% more budget was spent on black-owned or controlled companies (>50% black) as compared to the previous financial year.
Number of community schemes registered	1127 Community Schemes Registered	100% (925) registration of community schemes that have submitted scheme	202 less schemes registered in the 2021/22 financial year as compared to the 2020/21 financial year.
Number of governance documentation quality assured (new schemes and amendments of rules)	1287 of governance documentation quality assured	80% (Received 1796 quality assurance and quality assured 1444) of scheme governance documentation were quality assured	157 more scheme governance documentation were quality assured in the 2021/22 financial year as compared to the 2020/21 financial year.
Number of certificates issued for community schemes governance documentation that had been quality assured	1098 of certificates issued for community schemes governance documentation that had been quality assured.	1113 of certificates issued for community schemes governance documentation that had been quality assured.	15 more certificates issued for community schemes governance documentation that had been quality assured in 2021/22 financial year as compared to 2020/21 financial year.
Percentage of disputes finalised	28% (1191 referred and 331 conciliated) of disputes conciliated within 90 days	73% (1783/2436) of disputes conciliated within 90 days	The percentage of disputes conciliated within 90 days increased by 45% in the 2021/22 financial year as compared to the 2020/21 financial year. An additional 895 conciliations were finalized outside the 90-days period.
	25% (109 adjudicated out of 410 referred) of disputes adjudicated within 90 days.	28% (741/2642) of disputes adjudicated within 90 days	The percentage of disputes adjudicated within 90 days decreased by 3% in the 2021/22 financial year as compared to the 2020/21 financial year. An additional a total of 2683 adjudications were finalized outside the 90-days period
Number of training and education sessions conducted for schemes executives and owners	18 training sessions	73 training and education sessions conducted which consisted of a combination of contact, virtual training, webinars, and You Tube videos.	55 more training sessions conducted for community schemes owners and executives in the 2021/22 financial year.

Table 4

2.1.2 2021/21 OVERALL ANNUAL PERFORMANCE

The Entity had twenty-two (22) targets planned for the 2021/22 financial year, of which, eighteen (18) targets were achieved, and four (4) were not achieved, resulting in the overall achievement for the year of 82%. There is a 22% increase from the 2020/21 financial year performance which was 60% as compared to the 2021/2022 financial year.

There has been overall improvement the achievements of planned targets with Q1 at 82%, Q2 76%, Q3 at 78% and Q4 at 76%. This contributed to the improved performance in this annual reports. There have been developments in the core programmes, such as access to external databases with community scheme data and the commencement of the data cleansing project and other methods of providing dispute resolution services as well as some level of increased awareness of CSOS through virtual training and YouTube videos.

Table 5: The summary performance per programme is articulated in the table below:

CSOS 2021/22 Annual Performance per Programme				
Programme	Planned	Achieved	Not achieved	% Achieved
Programme 1	10	9	1(Audit Remedial plan)	90%
Programme 2	6	4	2(Adjudication and Conciliation)	67%
Programme 3	6	5	1(placement of EMA)	83%
CSOS	22	18	4	82%

2021-22 Annual overall achievement

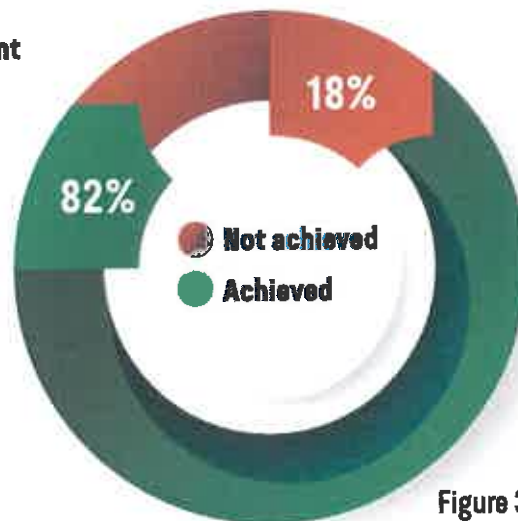


Figure 3

2.2 ORGANISATIONAL ENVIRONMENT

The Community Scheme Ombud Service (CSOS) is an important regulatory body in the Human settlement's family of entities. In its work, as a regulatory body, of monitoring and promoting good governance of Community schemes; developing and providing dispute resolution services; training conciliators, adjudicators, and other employees of the CSOS; and providing information and documentation to Body Corporate

relating to the management of schemes it must adopt a transformative and progressive approach. This means that CSOS must be more accessible and improve the quality of services it provides.

Furthermore, CSOS has to be at the forefront of promoting good governance and transparency. Even as Community schemes are required to file annual returns and copies of their annual financial statements with the CSOS, this level of transparency can only be reinforced if CSOS is also transparent with regard to the manner the CSOS conduct its business.

The organizational redesign project is at the tail-end and its implementation will see the CSOS being adequately capacitated with the right set of skills and human resources in various areas of our business. Engagements with the trade union and staff are improving and we are seeing better collaboration in designing the future of the CSOS. The vacancy rate has increased with 6% from 42 in the prior year % to 36%. As at the end of Q4, there were 125 permanent employees out of the 199 positions on the organisational structure. Conducting virtual interviews for most advertised positions has also assisted in fast-tracking recruitment processes and enabled the reduction of the vacancy rate.

Regular Covid-19 Steering Committee meetings were held to ensure adherence to the Disaster Management Act which guides the return to work and operations on a day-to-day basis. During the period under review there were nine (9) incidents of covid-19 related cases reported. All officials that had contact with the staff member who tested positive were quarantined for 10 days. The rise in COVID-19 reported cases led to a change in working hours in line with the COVID-Ready Workplace Plan. Deep cleaning was done before the return of the officials to the office. COVID-19 protocols continue to be adhered to and the necessary protective equipment provided to both staff and visitors to our offices.

Staff Complement

Table 6: The total staff complement within each quarter was as follows:

Period	Permanent	Interna	Temp	Total	Vacancy rate
Q1 (2021/22)	121	23	12	156	39%
Q2 (2021/22)	128	20	9	155	36%
Q3 (2021/22)	126	8	20	152	36%
Q4 (2021/22)	125	22	21	168	37%

The table below indicates how the CSOS has proceeded in terms of the alignment to the National demographics, according to the latest Statistics SA figures. The aim, going forward, is to source and recruit from the under-represented groups, in line with the Employment Equity Plan.

CSOS DEMOGRAPHICS			NATIONAL DEMOGRAPHICS		VARIANCE
Africans	144	85,7%	Africans	79%	Over-subscribed by 6,6%
Whites	8	3,5%	Whites	8,9%	Under-subscribed by 5,4%
Coloureds	9	5,3%	Coloureds	8,9%	Under-subscribed by 3,6%
Indians	9	5,3%	Indians	2,5%	Over-subscribed by 2,8%
Disabled	0	0%	Disabled	2%	Under-subscribed by 2%





The CSOS is committed to the Code of Good practice on Employment Equity. In this regard, we aim to have an employment equity plan, which will be aligned to a re-worked organisational structure which will be drafted in Q1 of 2022/23. This Plan will assist the CSOS in reaching its EE targets. The EE Plan will serve as a guideline in the talent acquisition process and may be changed depending on the requirements and availability of scarce and critical skills.

The variances on the table above will guide the drafting of the employment equity plan. In terms of gender representation, there is a skewed representation of women in executive positions (37%). There are seven (7) men and three (3) women (the CFO, the Adjudicator-General and the Regional Ombud for Western Cape) at executive management. At management levels, there are currently more women than men.

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SITUATION ANALYSIS - EXTERNAL ENVIRONMENT ANALYSIS

Human Resource Management	ICT Management	Supply Chain Management / Finance	Brand Visibility & Awareness
			
<p>OD & Job Granting</p> <p>Vacancy rate reduced by 3% to 36%</p> <p>Focus on succession planning & training</p> <p>CSOS voluntary turnover rate of 2% vs Industry norm of 17.8%</p> <p>Working towards an EE Plan</p>	<p>Focus was on Improving ICT Governance Maturity</p> <p>Revision of ICT governance Framework and Charter</p> <p>Development of the ICT governance improvement roadmap</p> <p>Workshops held with business units to revise ICT strategy</p> <p>Cyber defence program was Initiated</p> <p>Investment to enable remote operations</p>	<p>Strive to adhere to the SCM Regulations in procurement</p> <p>Establishment of its Loss Control Committee</p> <p>Spent 46,75% of the budget on B-BBEE level 1 & 2 companies, against a target of 70%</p> <p>Implementation of revenue management strategy Payment of suppliers' valid Invoices within 30 days</p>	<p>Awareness campaign through GCIS Media Buying</p> <p>Radio campaign on commercial & community stations</p> <p>Marketing strategy</p> <p>Multi-pronged strategy Includes improved complaints management, branding, education & awareness for tenants, body corporates and owners & conducting campaigns</p>

As CSOS, we have embarked on a digital journey, a CSOS business automation system - A fully transactional web-based application for our customers and partners, as well as an associated administration portal for us as internal staff. The new customer portal is designed on the premise of letting our customers help themselves for greater efficiencies and ease of communication and service with the CSOS. The user and scheme registration process are to be fully automated, validations automatically done,

documents electronically attached, and governance and compliance information placed in the hands of our customers.

Our interaction with Schemes from a billing point of view have also improved and we are in the process of sanitizing our billing and revenue collection processes. We are geared up to improve our customer experience with the CSOS.

3. KEY POLICY DEVELOPMENTS AND LEGISLATIVE CHANGES

The CSOS developed and reviewed the following policies and strategies during the period under review.

Policy name	Purpose
Circular: Registration and Submission of Annual Returns of all Community Schemes	Circular is to provide operational guidelines and clarity on the procedure and content requirements for the registration and submission of annual returns of community schemes
Circular: Opening of Sectional Title Bank Account	this Circular is to provide operational guidelines and clarity on the opening and operation of a body corporate bank account.
Amended Circular: Application for Special and Unanimous Resolutions for Sectional Title Developments	Provide further information on the procedures and content requirements for approval of unanimous and special resolution applications lodged with the CSOS.
Amended: Records Management Policy	To manage its records in a well-structured record-keeping system and to put the necessary policies and procedures in place to ensure that its records-keeping and record management practices comply with the requirements of the archives Act.
New Code of Conduct for Executive Managing Agents	may by special resolution, appoint an executive managing agent to perform the functions and exercise the powers that would otherwise be performed and exercised by its scheme executives.
New Service Level Agreement between Executive Managing Agents and Community Scheme	Community Schemes ombud Services is bound by the STMA to appoint a panel of executive managing agents for those community schemes who could not appoint an executive managing agent via a special resolution.
The dispute resolution amended Practice Directive of 2019, approved on 2 December 2021.	To discontinue with the dispute application and adjudication fees This has resulted in the much-required administrative relief to Dispute Resolution and Finance divisions. To reduced notice periods for submissions by parties.

Table 8

In the medium term, the CSOS will develop and review policies and legislation in several important areas:

Policy name	Purpose
CSOS Policy	The Entity is working with the National Department of Human Settlement to amend the CSOS Act: The development of the policy and amendment of the CSOS Act will provide for stringent compliance and enforcement measures. This will enable CSOS to implement compliance initiatives in accordance with best practices and legislative framework.
Amendment of the CSOS' Act	
STSMA	To provide for the establishment of bodies corporate to manage and regulate sections and common property in sectional titles schemes and, for that purpose, to apply rules applicable to such schemes and a sectional titles schemes management advisory council.

Table 9

3.1 Amendment of the CSOS Act and the STSM Act

The CSOS established a Task Team to further identify provisions of its legislation, namely the CSOS Act, STSM Act and Regulations thereto which require amendments for purposes of enhancing the CSOS mandate, regulatory powers, and operational efficiencies. Following stakeholder engagements with the Department of Human Settlements the Department delegated the CSOS to commence with the actual amendment of the two pieces of legislation and their Regulations. The Department delegated the drafting of the bill to CSOS and once the draft Bills and Regulations are finalised and presented to the Department, they will be included on the Department's Legislative Programme. Parallel to the drafting, the amendments will undergo an Impact Assessment by the Department of Planning, Monitoring and Evaluation (DPME).

3.2 STRATEGIC OUTCOME ORIENTED GOALS

It is CSOS' strategic intent to meaningfully contribute to the achievement of the 2030 Human Settlements vision through the enhancement of vibrant community schemes as an alternative tenure option for most citizens in the country.

Although a sustainable social sector impacts on many chapters of the National Development Plan (NDP), the CSOS's primary alignment to the NDP is through Chapter 8 - Transforming Human Settlement and the National Space Economy. The key alignment considerations of Chapter 8 of the NDP are as follows:

- 1) Respond systematically, to entrenched spatial patterns across all geographic scales that exacerbate social inequality and economic inefficiency.
- 2) In addressing these patterns, we must take account of the unique needs and potentials of different rural and urban areas in the context of emerging development corridors in the Southern African sub-region.
- 3) The State will review its housing policies to better realise constitutional housing rights, ensure that the delivery of housing is to be used to restructure towns and cities, and strengthen the livelihood prospects of households.
- 4) Active citizenship in the field of spatial development will be supported and incentivised through a range of interventions, including properly funded, citizen-led neighbourhood vision and planning processes, and the introduction of social compacts from neighbourhood to city level.

5) Planning in South Africa will be guided by a set of normative principles to create spaces that are liveable, equitable, sustainable, resilient, efficient, support economic opportunities and social cohesion; and

6) South Africa will develop a National Spatial Framework and resolve the current deficiencies with the local system of integrated development planning, and progressively develop the governance and administrative capability to undertake planning at all scales.

The achievement of the NDP goals demands a cooperative relationship across national, provincial, and local governments, and across the social partners, including the private sector, labour, and civil society. The three spheres of government need to work collaboratively to ensure alignment between their powers and functions, the planning processes, budget allocation processes and coordinated implementation. Priorities must be clearly articulated in the short and medium-term plans across the spheres of government. The overriding principle is that the whole of government should take collective ownership of the priorities and responsibility for achieving these within the contexts of their respective mandates.

More specifically, in terms of the Medium-Term Strategic Framework (MTSF) 2019-2024, the CSOS takes its guidance from the National Department of Human Settlements in terms of Priority 5: Spatial Integration, Human Settlements and Local Government. The 2024 desired impact is to achieve spatial transformation through improved integrated settlement development and linking job opportunities and housing opportunities.

The CSOS contributes to the outcome on Adequate Housing and Improved Quality Living Environments, with delegated contributions and planned performance as follows:

The Revised Strategic Plan captures our impact and intended medium-term results - outcomes - which the CSOS will undertake in pursuit of this mandate. The longer-range impact statement of the CSOS is:

Governed, harmonious, empowered and transformed community schemes contributing to spatial justice, socio-economic transformation, and the creation of liveable neighbourhoods.

The outcomes for the 2020-2025 planning period are:

- 1) Functional, efficient, and integrated Government.
- 2) Effectively regulated Community Scheme Sector.
- 3) Effective disputes resolution.
- 4) Empowered stakeholders.
- 5) Transformation of community schemes advanced.

Our outcomes institutionalise government priorities as set out in the NDP, the MTSF and various other sector, industry, and medium and long-term plans. Delivery is through our annual performance plans, where we have taken care to link our performance plans and targets to the allocated budget. A zero-based budgeting and activity-based costing approach has been implemented as from the 2021/22 planning period, supported by key functional plans, including the annual procurement plan, ICT masterplan and HR plan.

3.2.1 KEY ACHIEVEMENTS MTSF

The table below provides progress achieved by CSOS towards the MTSF performance indicators and targets as captured in the 2021/22 Annual Performance plan and Operational Plan. The operational areas that are covered are:

- Community schemes registered.
- Community schemes paying levies as per legislation.
- Consumer dispute resolution.
- Stakeholder educational programmes.
- Establishment of a presence in the transactional support site/centre.

MTSF Indicators and role	Outcome	2020 to 2025 SP Outcome Indicators	Five-Year Target (March 2025)	Progress Report as of 2021/22
Priority 1: Capable, Ethical and Developmental State	Outcome 1: Functional, efficient, and integrated Government	External audit outcome	Unqualified audit opinion with no material findings	Qualified Audit Outcome for 2020/21 financial year
Consumer protection programmes implemented.	Outcome 2: An effectively regulated. Community scheme sector.	2.1 Percentage increase of registered community schemes over the five-year period.	193% (From 25 800 to 75 800)	2059 community schemes registered. 73 741 schemes still to be registered.
- Report on total number of community schemes registered and paying levies as per legislation.		Percentage of registered schemes paying levies.	75%	72% (30438 community Schemes registered and 21557 community schemes are paying levies)
		Percentage of registered community schemes compliant	80%	Monitoring Community Schemes compliance will be commenced in the 2022/23 financial year.
Number of consumer dispute submitted and resolved within 90 days.	Outcome 3: Disputes resolved.	Percentage Disputes resolution services provided within 90 days.	85%	44.3% (6679 referred and 2964 resolved) of Disputes were resolved with 90 days.
Number of people in the target market exposed to educational programmes on owning and renting a home.	Outcome 4: Empowered stakeholder	Stakeholder perception rating	55%	
- Implement a borrower, home-ownership (Zenzele-ni) help me buy and tenant education programme.			Number of stakeholder information sessions conducted.	91 training and education sessions conducted which consisted of a combination of contact, virtual training, webinars, and You Tube videos. Target exceeded by 53 stakeholder information sessions
- Transactional support programme implemented.			Annual T: 12	

MTSF Indicators and role	Outcome	2020 to 2025 SP Outcome Indicators	Five-Year Target (March 2025)	Progress Report as of 2021/22
			<p>Number of editions of Shared Living e-Newsletters published.</p> <p>Annual T: 4</p>	<p>Eight (8) edition of Shared Living e-Newsletters was published.</p>
			<p>Percentage implementation of marketing and communications plan campaigns executed.</p> <p>Annual T: 100%</p>	<p>100% of the activities of Marketing and Communications Plan implemented.</p>
CSOS to establish a presence in the transactional support site/centre			<p>Number of reports compiled on the operations and maintenance of existing and newly established satellite offices.</p> <p>(WC:PE and George KZN: Bloemfontein & Mbombela GP: Northwest & Limpopo)</p>	<p>There are 3 Regional Offices and 2 Satellite Offices (Bloemfontein and Gqeberha) operational and providing Dispute resolution services.</p> <p>During the period under review an additional satellite offices was launched in Gqeberha, this improves visibility and access to services for the community schemes.</p>
Priority 2: Economic Transformation and Job Creation	Outcome 5: Transformation of community schemes advanced	Percentage of executive managing agents placed in community schemes that are from the previously disadvantaged groups	20%	<p>No executive managing agents were placed in community schemes.</p> <p>The target will be followed up in the 2022/23 financial year.</p>

4. PERFORMANCE INFORMATION PER PROGRAMME

4.1 PROGRAMME 1: ADMINISTRATION

The Administration Programme is responsible to ensure that functions that support the core operations run effectively and that the organisation is sustainable. The Administration Programme covers the work of the following business functions:

Business Function	Purpose
Office of the Chief Ombud	To provide effective and efficient strategic support to the Chief Ombud and the executive team to achieve the mandate and strategic outcomes of the CSOS
Company Secretary	To provide effective and efficient Board and Committee support and administrative services, and the provision of advice to ensure the effective functioning of the Board
Internal Audit	To provide an independent objective assurance and consulting (advisory) services by evaluating the governance, risk management, internal controls, as well as the compliance against the relevant prescripts in order to add value and improve the CSOS operations
Corporate Affairs	<p>To support the CSOS functions by attracting and retaining suitably qualified individuals, to create awareness of the CSOS services and build and protect the CSOS reputation; to provide cutting-edge legal support and advisory services in order to protect the interests of the CSOS; and to provide, maintain and develop the required office accommodation to support CSOS functions.</p> <p>Corporate Affairs has the following functions:</p> <ul style="list-style-type: none"> • Human Resources Management • Marketing and Communication • Legal Services • Facilities Management
Office of the Chief Financial Officer	<p>To ensure that functions that support the core operations run effectively and that the organisation is sustainable.</p> <p>The Office of the CFO has the following functions:</p> <ul style="list-style-type: none"> • Supply Chain Management • Revenue Management • Expenditure Management • Budgeting and Financial Reporting
Information Communication and Technology (ICT)	To partner with CSOS business units to deliver efficient ICT-enabled services to all stakeholders, this includes the development and implementation of an organisation-wide business automation system.

In contributing towards the Community Schemes Ombud Service desired impact of “governed, harmonious, empowered and transformed community schemes contributing to spatial justice, socio-economic transformation and the creation of liveable neighbourhoods”, the Administration Programme delivers against the following outcomes in the Strategic Plan:

- OUTCOME 1: Functional, Efficient, and integrated Government
- OUTCOME 2: Effectively regulated community schemes
- OUTCOME 5: Transformation of community schemes advanced

2021-22 Annual overall achievement

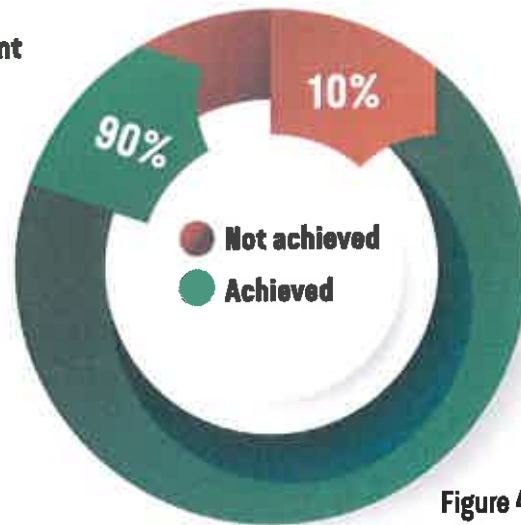


Figure 4

4.1.1 Programme 1 significant achievements of Strategic objectives, performance indicators and planned targets

A) STRATEGY AND RISK MANAGEMENT

The Risk Management unit continued to facilitate and monitor the uploading on BarnOwl system by the Risk Champions reporting progress on risk mitigation action plans for the Strategic and Operational risks registers, Audit findings and Compliance checklist. An exercise to review and update the Risk Profile of CSOS was finalised, this involved incorporation of the updated Strategic Plan, Annual Performance Plan and Annual Operational Plan of CSOS. During the period under review a process of identifying and assessing fraud risks was facilitated by considering the nature of the CSOS business and the inherent vulnerabilities and engaging Business units to review the Fraud Risk Register for the Financial year 2022/23.

The following policies were reviewed and approved

- Risk Management Policy
- Risk Management framework
- Anti-Fraud and prevention Strategy
- Whistle blowing policy
- Compliance policy
- Compliance framework

The Strategy Unit continued with coordination of monthly reporting on APP and AOP commitments. The final 2022/23 APP was finalised and approved by the Board for submission to the Minister. The 2022/23 operational planning sessions were coordinated for the development of Operational plans.

B) CORPORATE AFFAIRS

- CSOS appointed Cherrypicked Solution on the 17th of September 2021, to coordinate the Organisational Design project. The objectives of the project were:
 - To review, align and implement a new organisational design.
 - To improve and increase organisational efficiency and efficacy by ensuring the best use of employees and CSOS resources in general.
 - To build a more focused, responsive, and resource-conscious, as well as results-oriented organisation.
 - To enable the organisation to deliver on its mandate so that the desired organisational future is realised.

Desktop Analysis, Group Sessions and Change Readiness Survey were conducted as part of the Organisational analysis. The status quo analysis findings established that the current CSOS organisational structure needs to be reviewed in order to enable the CSOS strategy, to address operational needs and to close the identified gaps in the operational efficiency model of the CSOS. The revised draft organizational structure was informed by benchmarked design principles which have taken into account, inter alia, volumes of work and capacity demands, governance framework logic, reporting structures, level of complexity of each of the jobs as well as efficiency considerations. The structure has been a product of extensive consultation with staff internally, trade union, EXCO as well as the Board REMCO with the final approval being granted by the Board. The draft revised structure was submitted to the DHS's consideration, and the Minister approval for implementation.

In addition, migration principles into the new structure have been proposed on the basis that there are no Section 189 terminations, but that excess capacity is absorbed and redeployed elsewhere considering their skills, experience and qualifications fit into the requirements. The vacancy rate has decreased by 6% from 42% in the prior year to 36%. at the end of the 2020/21 financial year. As at the end of March 2022, there were 125 permanent employees out of the 199 positions on the organisational structure. There were twenty-three (23) permanent appointments.

There were fifty (50) terminations within 2021-22; out of the 50, eleven (11) were permanent positions, twenty (20) were temporary positions and nineteen (19) were from the internship programme. At least 12% of the interns were absorbed into permanent positions within the CSOS as part our ongoing efforts to contribute towards job creation and dealing with high levels of youth unemployment. Those Interns who are not absorbed, are provided a good platform to enter various industries based on the skills set and experience they acquire from the CSOS.

The Entity has been building its own capacity and filling key strategic positions. Training and development are key components of the CSOS' employee's value proposition. The Training and Development policy as well as the Bursary policy were reviewed to ensure the effective development of employees. Fifteen (15) Bursaries were awarded to employees of the CSOS during the 2021/22 financial year. A Training Plan was approved for the 2021/22 financial year and the total number of approved trainings on the annual training plan for the financial year of 2021/22 is fifty-eight (58). A total of 29 employees were trained in line with the Training Plan for the year under review.

In line with the national effort to broaden skills development as prescribed in the Skills Development Act of 1998, the CSOS has a successful internship programme which assists young South Africans to contribute to the advancement of youth employment and development. The CSOS had a total of seventeen (17) Interns as of the 31st of March 2022.

The CSOS is committed to the Code of Good practice on Employment Equity. In this regard, we aim to have an employment equity plan, which will be aligned to a re-worked organisational structure to be drafted in Q1 of 2022/23. This Plan will assist the CSOS in reaching its EE targets. The EE Plan serves as a guideline in the talent acquisition process and may be changed depending on the requirements and availability of scarce and critical skills. The variances on the table above will guide the drafting of the employment equity plan. In terms of gender representation, there is a skewed representation of women in executive

positions (43%). There are seven (7) men and three (3) women (the CFO, the Adjudicator-General and the Regional Ombud for Western Cape) at executive management.

LEGAL SERVICES

Legal Services Unit has three (3) primary focus areas, namely contracts management in conjunction with Finance, litigation management and general legal advisory which carry out the following key strategic objectives:

- Protect the interests of the organisation through drafting, negotiating, and concluding legally sound contracts and ensuring an effective and efficient contracts management system.
- Ensure prudent litigation management by instituting or defending civil action/application proceedings by or against the CSOS before a court of law or an arbitration forum (including instituting legal action to recover amounts [Levies and Legal Costs] owed to the CSOS); and
- Provide cutting edge legal advisory services thus safeguarding the interests of the CSOS.

The Unit is intricately involved in the day-to-day operations of the CSOS and offers support to all functions within the organization covering a wide range of legal disciplines such as commercial law and contract management, labour, dispute resolution, compliance etc. In providing support to the organization's Administration Programme, responsible for ensuring that functions which support the core operations run effectively and that the organization is sustainable.,

All contracts with third parties were reviewed and drafted internally by Legal Services, and the concomitant in-house legal support provided during the period under review resulted in a cost saving benefit for the organization. The CSOS General Litigation Register, records all legal action instituted by and against the CSOS and includes the nature of the legal action and the status of the matter, amongst others. The General Litigation Register records all legal action instituted by and against the CSOS and includes the nature of the legal action and the status of the matter, amongst others. The total number of general litigation matters has increased from 64 in the prior year to 166 in the period under review. Fifty-eight (58) of these matters have been finalized and one hundred and eight (108) remain pending.

The general litigation matters as at year end can be categorized as follows:

Review / Appeal applications against CSOS Adjudication Orders	Labour Disputes	CSOS Mandate / Process	Civil action (contractual or delictual)	TOTAL
139	13	1	13	166

Table 10

FACILITIES MANAGEMENT

The CSOS met target of establishing a transactional site in Gqeberha. The lease agreement was signed, and occupation was from the 1 February 2022 and launched on the 14 of February 2022. The Feasibility Study report was presented by the service provider which would guide the setting up of additional transactional sites for the 2022/23 financial year as well as for the future years.

Following the registration with the Department of Labour for COIDA (Compensation for Occupational Injuries and Diseases Act, 130 of 1993 as amended), Facilities Management submitted the CSOS return on earnings (ROEs) from 2017 until 2021 and are awaiting feedback.

The OHS Representatives, Compliance Officers, First Aiders, Evacuation Officers, and Fire Marshalls were appointed in January 2022. This is to ensure that the CSOS is compliant with the Occupational Health and Safety Act. Additionally, an evacuation drill training, for all the junior employees, was conducted in March 2022.

In an effort to ensure compliance with the Act, the Occupational Health and Safety Policy was finalised and tabled at EXCO for a recommendation for Board approval, in March 2022. A service provider was appointed for the cleaning, fogging, and disinfection of all CSOS offices, once a week.

C) OFFICE OF THE CHIEF INFORMATION OFFICER

Despite the delayed conclusion of the procurement process for Business Automation Solution, the unit managed to achieve the Annual Performance Plan (APP) target of completing the user acceptance testing for the Schemes Registration and Customer Relationship modules thus contributing to the organisation's performance. Overall, for the 2021/22 Financial Year the unit achieved 92% of its quarterly targets.

Business Automation Solution (BAS): Following the successful appointment and contracting with the recommended Service Provider (Interfile) in December 2021, the project kicked-off and the project team and governance structure constituted.

Over a short period of time, the project team was able to design develop and test the Schemes Registration and Customer Relationship modules by the financial year. The project is now in full flight and is scheduled to implement all modules over the course of the 2022/23 Financial Year.

Enterprise Resource Planning (ERP): The CSOS currently uses SAGE for its Human Resources, Payroll and Finance functions does not provide for all requirements of the business. To address this a project was initiated to upgrade the SAGE. In this regard scoping sessions have concluded with the Finance and Corporate Services unit, and requirements have been documented. A gap analysis was conducted with SAGE to identify the suitable modules that can address the requirements. A procurements process is planned for the 2022/23 Financial Year with implementation in the same year.

Modernisation of the Workplace: Over the financial year, several impactful projects such as the use of share-point for as a database for Dispute resolution and the DocuSign for signing all the certificates issued to Community Schemes, were implemented to promote efficiency within the organization. As an interim measure, until the BAS project is fully implemented, the unit was able to successfully automate the Dispute Resolution and Scheme registrations and compliance processes using Microsoft SharePoint and Power Automate. This enabled automatic notifications to the clients and improved the data quality and improved the reporting capabilities for these processes. The Call Centre agents were trained on the solution and are now able to easily view the case statuses in real-time. DocuSign was procured and implemented for various documents including scheme registration and section 10 certificates. Apart from reduced paper usage, the solution has streamlined the approval process and eliminated the need for clients physically collect compliance certificates.

ICT infrastructure and operations: The unit has been successful in procuring the required tools of trade and connectivity to enable work from home. A cyber defense programme was initiated to boost the organization's safeguards against information and cyber

security maturity assessment and gap analysis were conducted with an implementation roadmap to reach the desired maturity level. Regular awareness campaigns, user training and phishing simulations were conducted throughout the entity. A number of industry-leading cyber security tools were procured and implemented have improved the prevention, threat detection and response capabilities of the unit.

During the reporting period, the unit also focused on improving the ICT governance. An ICT governance assessment was conducted to assess the level of ICT governance in the entity based on industry best practices and a 3-year roadmap was developed to improve ICT governance maturity. The Corporate Governance of

ICT framework was extensively revised, and various critical ICT policies and procedures were updated or developed. Furthermore, a revised ICT strategy was developed and approved. The strategy aims to establish ICT as a partner to the business in delivering digitally enabled business over the remainder of the MTSF period.

D) CHIEF AUDIT EXECUTIVE

The progress on the implementation of the Internal Audit Coverage Plan is presented monthly to EXCO and quarterly to the Audit and Risk Committee. The Internal Audit Unit has forty-three (43) planned audit projects for 2021/22 plus ad-hoc requests.

CONSOLIDATED PROJECTS		
NO.	DETAILS	NUMBER OF PROJECTS & STATUS
1.	Number of completed projects in respect of 2021/22 annual plan as at 30th September 2021	39
2.	Number of projects in progress as at 31st December 2021 (including Ad-hoc projects)	1
3.	Number of projects not commenced.	3
4.	Total number of planned plus Ad-Hoc projects for 2021/22 financial year.	43

Table 11

The status of implementation of management action plans in relation to 2017/18, 2018/19, 2019/20, 2020/21, and 2021/22 projects has a total of 455 audit findings, 336 were resolved, 117 not resolved and 2 not yet due, which amounts to an achievement 74% of the audit matrix.

E) OFFICE OF THE CHIEF FINANCIAL OFFICER

The CSOS generated total revenue of R281,059,201 in the 2021/2022 financial year. This was generated through levies, interest income, dispute resolution income and government grants. The revenue generated from levies amounts to R250,518,259 (2020: R223,569,975), this constitutes 89% of the total revenue. There was an increase of R 425,000 thousand in government grants received, compared to the prior year amount, and a R165,256.00 decrease in interest income, due to the decreases in interest rates that were implemented during the year by the Reserve Bank due to the pandemic. The CSOS remains financially sustainable as a result of the steady increase in the levy collections through the years.

The CSOS embarked on a process to review its accounting policy in terms of how we accounted for levies for all community schemes as required in terms of section 59(a) following National Treasury advice to

the CSOS to fully explore the provisions on GRAP 23 and its interpretations and context to the CSOS Levy recognition. CSOS then undertook to investigate the issues and sought a technical opinion in this regard, in the main on interpretation of the standards of GRAP in relation to the accounting policy of the CSOS to recommend an appropriate amendment to the policy. This policy has since been adopted and applied to the accounting of levies for the 2021/22 reporting period.

There are ongoing initiatives to get community schemes to continue registering on the CSOS database. The CSOS has procured an information system that will enable an integration in the registration of schemes, including the capturing of community schemes information, and the billing and accounting for levy revenue. The allocation of levies received remains a concern, although there is an improvement in the current year. Efforts are being put in place to address the challenges.

I. LEVY REVENUE COLLECTION

The revenue team is continuing to reach out to some known Managing Agents to obtain lists of community schemes that they manage, proof of payments and levy calculators, to address the unallocated levies. The 14th of February 2022 was the first official billing date, and a first batch of 3603 invoices were sent to community schemes on the day. A total of 66251 invoices were sent to community schemes to date. This is excluding duplicated schemes and schemes that last made payments in 2017 and 2018. The Revenue and Receivables Management, Impairment of receivables and write-off policy as well as technical

accounting opinion on the accounting policy (GRAP 23) were approved by the board. The Procurement process to appoint a service provider to assist with the levy study to review the current levy model has commenced. The Unallocated levy drive advert is still available on the social platforms and Revenue Unit is keeping record of the impact from the drive. A Levy calculator training video has so far received 214 view rate which is the highest views ever received in the CSOS channels

Year To Date Collection as at 31 March 2022 was R250,518,259 million (2020: R223,569,975 million).

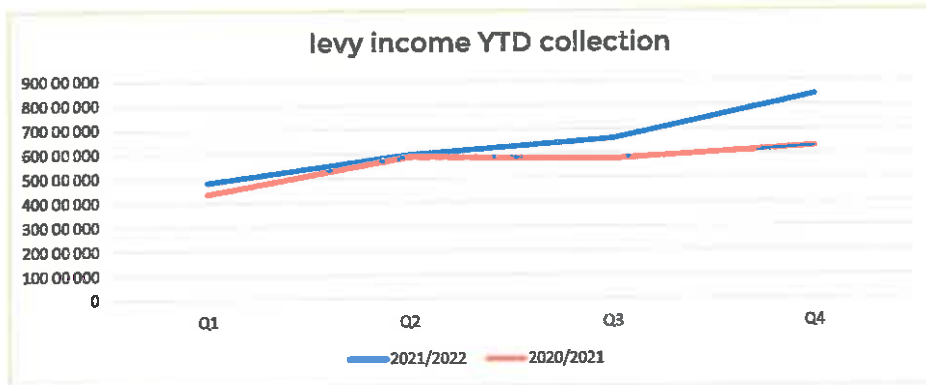


Figure 5

Year to Date Q4:

F/Y	Q4 TARGET	Q4 ACTUAL	VARIANCE
2021/2022	R239 398 000	R250 518 259	(R11 120 259.00)
2022/2021	R217 000 000	R223 597 974	(R6 597 974.00)

Table 12

The current year levy collection target was exceeded by 12% which is an increase in the actual levies collected in 2021/2022 compared to the 2020/2021.

Allocated and Unallocated:

F/Y	2021 - 2022 (YTD)
Allocated Revenue	R191 036 160.00
Unallocated Revenue	R186 213 066.00
Total Revenue	R250 518 259.00

Table 13

The unallocated levies constitute 26% of the total levies received during the period under review. The total unallocated levies from the inception of levy collection are R 245 168 814.00. Allocations are done on a continuous basis. There are management agents that pay levies on behalf of a lot of community schemes, however, the community schemes are not

registered. The process of obtaining information from the managing agents to assist in getting the schemes registered is also in progress. Managing agents are requested to send breakdown of bulk payments to enable allocation of paid levies to schemes. Once the registration data has been cleansed, more allocations will be made.

Month To Month Collection (12 Months):

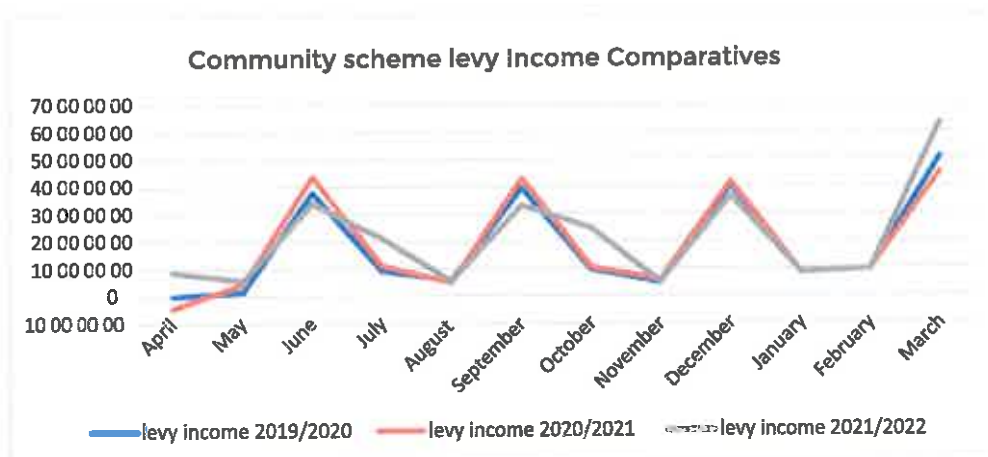


Figure 6

II. COMMUNITY SCHEMES PAYING VS NON-PAYING AS AT 31 MARCH 2022

Community Schemes	2021/2022 (Q4)
No. of Community Schemes Registered	30438
Paying Community Schemes	21557
Non- paying Community Schemes	8881
Percentage of paying schemes	72%

Table 14

Follow ups are being made with Managing agents that have not sent scheme levy schedules to send scheme levy schedules breakdown of payments from schemes to help lower the unallocated levy amounts. The figures above are based on the current registration database, which is still in the process of cleansing. Paying and non-paying schemes restated due to identification of duplicate schemes. This is to ensure that the reporting of paying vs nonpaying is accurate.

III. SUPPLY CHAIN MANAGEMENT AND SUMMARY OF THE BBBEE EXPENDITURE

The Entity managed to spend 77.05% of the overall budget to B-BBEE level 1 and 2 companies (majority black owned companies) in the 2021/22 financial year, against a target of 70%. The below table shows how much CSOS has spent on the procurement recognition and enterprise status of the suppliers during the period under review. The CSOS's plans to remedy the non-compliance to the BBBEE, through establishing a dedicated SCM database of CSD BBBEE complaint service providers and all the applications received will be vetted for compliance

Total payments/spending for the year	R56 851 860
Total BBBEE Expenditure (level 1-2)	R42 374 175
Others (<50% & Level 3-8)	R9 340 382.58
Non-compliant with BBBEE	R5 707 347.37

Table 15

SUMMARY OF TENDERS

Approved tenders as per procurement plan	27
Awarded tenders	13
Cancelled tenders	2
Tender under process	3
Tenders awaiting memos	0
Deferred to the following financial year 2022/23	3

IV. EXPENDITURE MANAGEMENT

The entity improved on compliance with the Treasury Regulation 8.2.3 relating to payment of valid invoices within 30 days. 96.2% of valid invoices were paid within 30 days in the 2021/2022 financial year, compared to 85% in the prior year, representing 11% increase. This significant improvement

(towards achieving 100%) is attributed to interventions implemented during the financial period to proactively monitor the outstanding invoices and payments report to ensure the invoices are processed before reaching 30 days period and implementation of the centralized mailbox (scminvoices@csos.org.za) for invoice submission.

Table #

Description	Amount	Number of valid invoices paid	Percentage %
Valid invoice paid within 30 Days	58 436 159.03	1326	96.2%
Valid invoices paid over 30 Days	2 936 628.58	53	3.8%
Total invoices received	61 372 787.61	1 379	100%

4.1.2 Strategic outcome actual achievement

Outcome	Outcome Indicator	Audited Actual Performance 2019/20	Audited Actual Performance 2020/21	Planned Annual Target 2021/22	Actual Achievement 2021/2022	Deviation from planned target to Actual Achievement 2021/2022	Reasons for deviations
Outcome 1: Functional, efficient, and integrated government	External audit outcome	Qualified audit outcome	Qualified audit outcome	Qualified audit outcome	Qualified audit outcome	Qualified audit outcome	Target achieved

Strategic Outcome	OUTCOME 1: FUNCTIONAL, EFFICIENT, AND INTEGRATED GOVERNMENT					
Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	Actual Achievement 2021/2022	Deviation from planned target to Actual Achievement 2021/2022	Reasons for deviations
1.1.1 Percentage of the approved Anti-Fraud and Corruption Implementation Plan implemented	No target	The approved anti-fraud and corruption plan was 100% implemented.	100% of the approved Anti-Fraud and Corruption Implementation Plan implemented	100% of the approved Anti-Fraud and Corruption Implementation Plan implemented	Target achieved	Target achieved
1.1.2 Percentage implementation of the approved risk management plan	No target	80% implementation of the approved risk management plan	100% implementation of the approved Risk Management Plan	100% implementation of the approved Risk Management Plan	Target achieved	Target achieved
1.1.3 Percentage of Implementation of audit remedial plan	No target	92% (13 actions were due in 2020/21 and 12 were implemented) implementation of audit remedial plan	95% Implementation of Audit Remedial Plan	81% (21 of 26 action plans) implementation of the Audit Remedial Plan	-14% (5 action plans) of the Audit Remedial Plan not implemented	5 Targets are still in progress and not yet finalised as they are largely dependent on the financial year-end procedures. a continuous implementation of the action plans will be monitored in the new financial year.
1.1.4. Number of Business Automation Solution (ERP and core business) modules implemented	No target	No target	2 Business Automation Solution modules implemented	2 Business Automation Modules Implemented (Schemes Registration and Customer Relationship Management (CRM).	Target achieved	Target achieved
1.5.1. Percentage of compliance with statutory tabling and prescripts	No target	No target	100% compliance with statutory tabling and prescripts	100% compliance with statutory tabling and prescripts	Target achieved	Target achieved
1.6.1. Number of new transactional sites established (satellite office)	No target	No target	1 new transactional site established (satellite office)	One new transactional site established in Gqeberha	Target achieved	Target achieved
1.7.1. Percentage implementation of the approved compliance plan	No target	No target	100% implementation of the approved compliance plan	100% implementation of the approved compliance plan	Target achieved	Target achieved

Strategic Outcome	OUTCOME 2: EFFECTIVELY REGULATED COMMUNITY SCHEMES					
Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	Actual Achievement 2021/2022	Deviation from planned target to Actual Achievement 2021/2022	Reasons for deviations
2.1.1. Rand value of CSOS levy collected	R217 060 000 CSOS levy collected	R223,589 975 CSOS levy collected	R 239 398 000 of CSOS levy collected	R 250 518 259 00 of CSOS levy collected	Target exceeded by R11 120 259 of CSOS levy collected	More Community Schemes being aware of levy payments payable to the CSOS

Strategic Outcome	OUTCOME 5: TRANSFORMATION OF COMMUNITY SCHEMES ADVANCED					
Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	Actual Achievement 2021/2022	Deviation from planned target to Actual Achievement 2021/2022	Reasons for deviations
6.1.1 Percentage procurement spend to majority black-owned or controlled service providers (>50% black)	No Target	46,75% (R20 781 248.79 BBBEE spent over R44 447 884.30 total spending for the year) procurement spend to majority black owned or controlled service providers (>50% black)	70% procurement spend to majority black-owned service providers (>50% black)	77% (R 17 012 424,47 / R22 139 411.69) spent on black-owned or controlled companies 7777 (>50% black)	Target overachieved by 7% spent on black-owned or controlled companies	Target achieved

4.1.3 CHANGES TO PLANNED TARGETS

No changes to the planned targets

4.1.4 STRATEGY TO OVERCOME AREAS OF UNDERPERFORMANCE.

The CSOS manages performance in the following manner:

- Quarterly reports are discussed at EXCO, Audit and Risk Committee (ARC) and Board meetings for monitoring and submitted to the Department of Human Settlements for oversight monitoring and feedback.
- A report on targets that are not achieved is compiled and submitted to EXCO for decision-making on corrective measures.

- Each Board Sub-Committee has its relevant APP target/s as a standing item on its agenda. Progress is monitored and reported back to the Board.
- Operational plans are drafted, which include the actions to be taken in order to meet the APP targets and the associated resources required.
- In the current financial year, the Entity continued with monthly reporting that allowed for corrective measures to be implemented and followed up timeously before the end of the quarter.

4.1.5 LINKING PERFORMANCE WITH BUDGETS

The CSOS has not yet embarked on a process to have financial information presented on a programme/activity/objective and will enhance its reporting in the next financial year.

4.1.6 REPORTING ON THE INSTITUTIONAL RESPONSE TO THE COVID-19 PANDEMIC

In CSOS, the effort to minimise the risk of exposure to covid requires the collective effort and cooperation joint effort of the Board, management, and staff. CSOS has initiated measures to help support employees' physical and emotional well-being, whether at work or at home. Regular communiques are issued to employees on any issues relating to COVID-19. In terms of maintaining business continuity, CSOS employees are provided with the necessary resources and support they need to be productive, especially as they adapt to working remotely. The Entity has reviewed the budget to reallocate costs to expenditure that are impacted and will continue to monitor all expenditure. Furthermore, the Entity coordinated a review of operations due to changes in business, such as a provision to allow only a limited number of employees at the office and remote provision of services which might have an impact on CSOS meeting its objective.

Due to the prevalence of COVID-19, with the different waves and levels of lockdown announced by the President of South Africa 2020 and 2021, CSOS was not able to provide services at the rate that is required well into the 2021/22 financial year. There were delays and changes in the modus of service provision and have led to negative stakeholder perceptions.

A steering committee has been established in terms of Section 19 of the OHS Act to prepare and monitor the return-to-work process and Compliance Officers for each region have been appointed. A Compliance Plan has been developed and was used as a compliance monitoring tool on a daily basis. Risk assessment was coordinated, and the Steering Committee monitored the implementation of corrective measures. Reporting is done at Exco on all COVID-19 related activities. A directive was issued to all employees on how to handle any incidents and the reporting. To minimise infection to workforce - employees working within the same family groups are not allowed to be in the office at the same time (weekly rotation is implemented).

4.2 PROGRAMME 2: REGULATIONS

The Regulation Programme is responsible to perform the CSOS core operations where community schemes are regulated in South Africa by ensuring that they are governed in line with the registered rules, their documentation is compliant to legislation, and an effective alternate dispute resolution service is provided to the community schemes.

The Regulation Programme covers the work of the following business functions:

Business Function	Purpose
Governance, Enforcement, and Compliance	To regulate all community schemes within South Africa, and to take over quality control and provide public access to all sectional title and other community scheme governance documentation
Dispute Resolution	To develop and provide a dispute resolution service for community schemes in the regions of South Africa - assessment, conciliation, and adjudication

In contributing towards the Community Schemes Ombud Service desired impact of "governed, harmonious, empowered and transformed community schemes contributing to spatial justice, socio-economic transformation and the creation of liveable neighbourhoods", the Regulation Programme delivers against the following outcomes in the Strategic Plan:

Outcome 2: An effectively regulated Community Scheme Sector

Outcome 3: Effective disputes resolution

Programme 2: Regulations

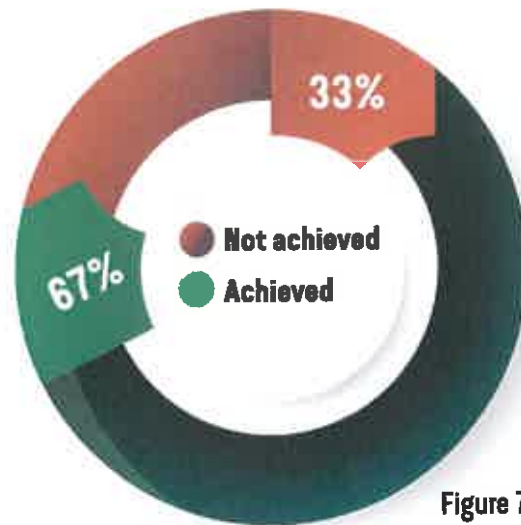


Figure 7

4.2.1 PROGRAMME 2 SIGNIFICANT ACHIEVEMENTS OF STRATEGIC OBJECTIVES, PERFORMANCE INDICATORS AND PLANNED TARGETS.

The programme achieved 4 of its 6 planned targets for the year.

A. GOVERNANCE, COMPLIANCE & ENFORCEMENT

It is CSOS' strategic intent to meaningfully contribute to the achievement of the 2030 Human Settlements vision through the enhancement of vibrant community schemes as an alternative tenure option for most citizens in the country. This will be achieved through the implementation of Outcome 2: An effectively regulated community scheme sector of the CSOS Strategic Plan.

B. REGISTRATIONS

The entire CSOS value chain and service delivery model is underpinned on the success in creating a complete database of Community Schemes. The database is critical not only for the collection of levies but also for the provision of education and training and assuring good governance of schemes. During the period under review a total of 925 scheme registration applications were processed and registered.

A Service provider was appointed to provide a complete list of all community schemes in South Africa, which ultimately ensured a 100% complete universe of all community schemes in South Africa.

To process the data a service provider was appointed to analyse, verify, and cleanse all registered data on the SAGE System and the Share Point, and link it to the data received from Lightstone, to identify schemes that are not registered with CSOS. The identification of schemes not registered with CSOS, will enable the implementation of the Compliance and Enforcement Strategy. The objective of the strategy is to have in place effective systems to maximise schemes' compliance with their duties and obligations as per the CSOS Act, STSMA Act and other relevant legislations applicable to specific schemes.

C. QUALITY ASSURANCE AND COMPLIANCE CERTIFICATES

To ensure that there is proper governance within community schemes, CSOS provides quality assurance to the scheme's governance documentation, records all existing and new schemes governance documentations as received from the community schemes and other entities on the database, implements a schemes governance records management and documentation system and ensures that the documentation is adequately secured, protected and accessible to the public. A total of 1796 scheme governance documentations were received and 1444 were quality assured, which amounts to 80%. A total of 1113 compliance certificates were issued on all the approved scheme governance documents. Dispute Resolution

I. Dispute Applications Received, Rejected, Conciliated & Adjudicated

A total number of 8308 new applications were received within the 2021/22 financial year. Of the 5384-dispute finalised, 1 635 were rejected, 2149 conciliated and 1 600 adjudicated.

The number of applications received during the reporting period exceeds the number received in the last financial year by 1 926. The graph below illustrates the number of applications received in 2021/22, rejected, conciliated, and adjudicated in each Region.

Region	Annual Intake	Annual Assessed	Rejected CMD	Referred To Conciliation on	Conciliation Within 90 Days	Annual Conciliation	Annual Adjudication Order	Ref To Adjudication	Adjudication Orders Within 90 Days
GP	5357	5158	964	1143	957	1045	1024	1586	457
WC	1382	1317	295	798	466	663	255	452	122
KZN	1569	1508	374	496	360	441	321	604	162
TOTAL	8308	7983	1633	2437	1783	2149	1600	2642	741

II. Classification (S39 of the CSOS Act, No 09 Of 2011)

Due to current economic climate and high unemployment rate, disputes arising from non-payment of levy arrears and interest imposed against arrear levies

continued to dominate dispute applications within the 2021/22 reporting period. Disputes for governance and management services also remain the least, and this could be linked to regular training and awareness sessions conducted by CSOS nationally.

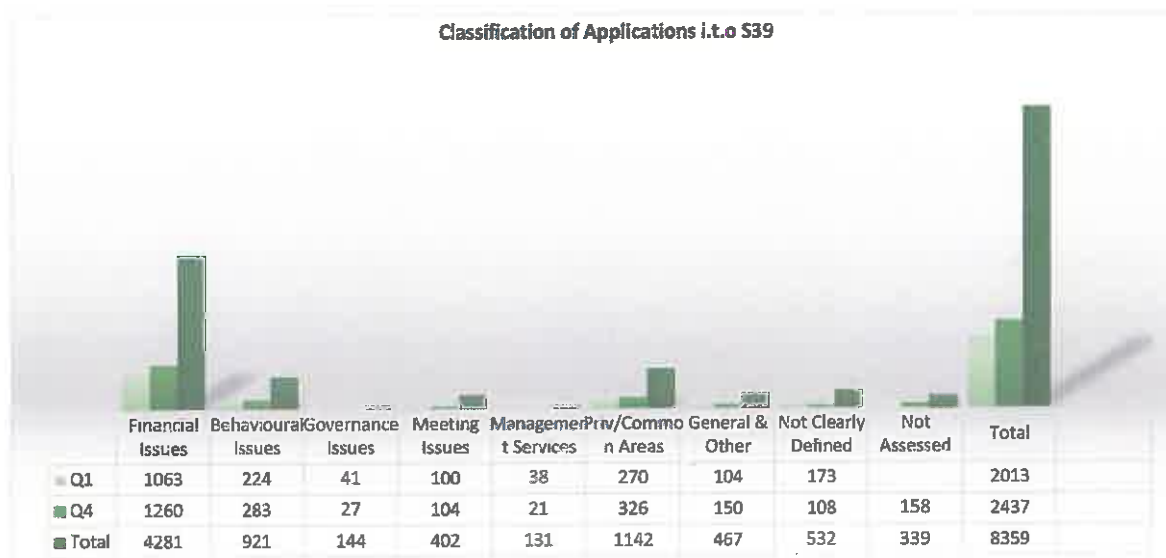


Figure 8: Classification of Applications

As depicted in Fig. # above, training plans are focused on financial issues including behavioural and private/common area issues, for both internal and external stakeholders as statistics dictate

III. Eradication of Backlog

The backlog of 2 769 files as recorded on 1 April 2021, and which comprised of dispute files from the 2018/19, 2019/20 and 2020/21 financial years has all

been eradicated. This translates to 100% achievement as targeted in the Operational Plan. As the backlog cleared, more disputes in Q3 and Q4 were finalized within the 90-day period.

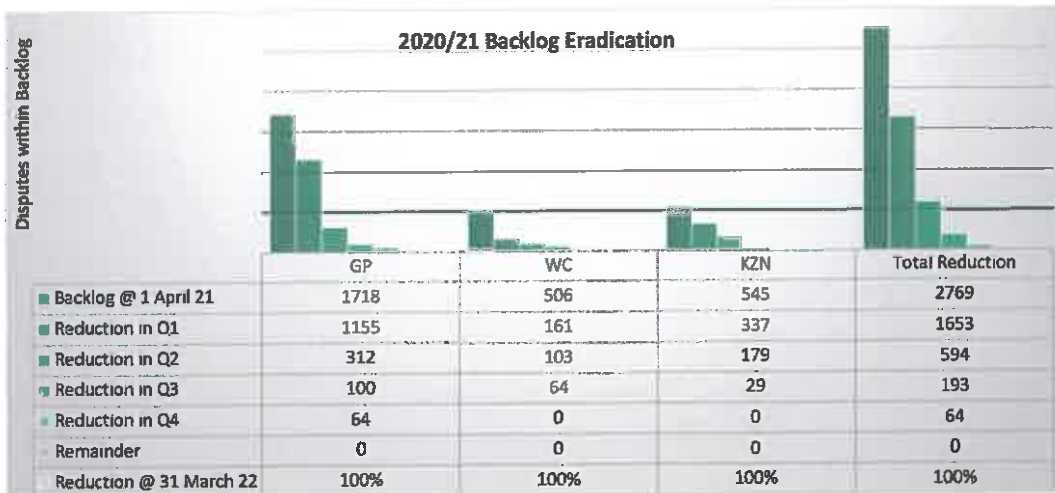


Figure 9 Backlog Eradication

IV. Quality Assurance Adjudication

Quality Assurance Adjudication received 4 496

adjudication orders for quality assurance, and 4 280 orders were quality assured and translating to an achievement of 95%.



Figure 10 Quality Assured Adjudication Orders

The Knowledge Management project has reached finality and will be fully operational in the new financial year. This will surely enhance the quality of assessment, conciliation, and adjudication of disputes. Other additional mechanisms to ensure improvement of the Disputes processes was the establishment of a forum for Case Management Officers. This forum will enable case management officers to engage on aspects of assessments that are common to all. The Forum for Conciliators & Adjudicators also continued during the period under review and number of sessions were held including training on the POPI Act. During the period under review an additional satellite offices was launched in Gqeberha, this improves visibility and access to services for the community schemes.

4.2.2 STRATEGIC OUTCOME ACTUAL ACHIEVEMENTS

Output Indicator	Audited Actual Performance 2018/2019	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	Actual Achievement 2021/2022	Deviation from planned target to Actual Achievement 2021/2022	Reasons for deviations
2.2.1. Percentage registration of community schemes that have submitted scheme registration documents	1 503 Community Schemes Registered	1127 Community Schemes Registered	100% registration of community schemes that have submitted scheme registration documents	100% (925) registration of community schemes that have submitted scheme registration documents	Target achieved	Target achieved
2.3.1. Database of schemas governance documents established	No target	No target	Finalisation of implementation protocol for schemas governance documents database	Implementation protocol (Records management policy) for schemas governance documents database was finalised and database established.	Target is overachieved as the database was also subsequently established and functioning.	The new approved schemas governance documentation is uploaded on the database. This is to prepare for the takeover of the database to the BAS
2.3.2. Percentage of quality assured schemes governance documentation	1 877 Governance Documentation quality assured	84% (1538 received and 1287 quality assured) Quality assured schemes governance documentation	80% of quality assured schemes governance documentation.	80% (Received 1808 scheme governance documents and quality assured 1444) of scheme governance documentation were quality assured	Target achieved	Target achieved
2.3.3. Percentage of compliance certificates issued on all amended scheme documents	1 206 Certificates issued for community schemes governance documentation that has been quality assured	100% (1095) Compliance certificates issued on all amended scheme documents	100% compliance certificates issued on all amended scheme documents	100% (1113 certificates) compliance certificates issued on all amended scheme documents	Target achieved	Target achieved

Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target: 2021/2022	Actual Achievement 2021/2022	Deviation from planned target to Actual Achievement 2021/2022	Reasons for deviations
3.1.1 Percentage of disputes conciliated within 90 days	No Target	28% (1191 referred and 331 conciliated of disputes conciliated within 90-days)	85% of disputes conciliated within 90 days	73% (1783/2436) of disputes conciliated within 90 days	-11% of disputes not conciliated within 90 days. An additional 895 disputes were conciliated outside the 90-days period	Bulk of the delays related to the focus on the eradication of the backlog, as well as the delays in the process caused by reconciliations of disputes fees, before processing disputes. This issue of fees has since been waived to accelerate a more efficient focus on finalizing disputes. Delays in assessments also lead to delayed allocation of files to adjudicators. With the Disputes fees being discontinued from December 2021 and the decentralization of assessment process to all Regions will ensure equitable workload and better turnaround times.
3.1.2 Percentage of disputes adjudicated within 90 days	No Target	25% (109 adjudicated out of 410 referred) of disputes adjudicated	85% of disputes adjudicated within 90 days	28% (741/2642) of disputes adjudicated within 90 days	-56,9% of disputes not adjudicated within 90 days. An additional 2733 disputes were adjudicated outside the 90-days period.	

4.2.3. CHANGES TO PLANNED TARGETS

No changes to the planned targets

4.2.4 STRATEGY TO OVERCOME AREAS OF UNDERPERFORMANCE.

The CSOS manages performance in the following manner:

- Quarterly reports are discussed at EXCO, Audit and Risk Committee (ARC) and Board meetings for monitoring and submitted to the Department of Human Settlements for oversight monitoring and feedback.
- A report on targets that are not achieved is compiled and submitted to EXCO for decision-making on corrective measures.
- Each Board Sub-Committee has its relevant APP target/s as a standing item on its agenda. Progress is monitored and reported back to the Board.

- Operational plans are drafted, which include actions to be taken in order to meet the APP targets and the associated resources required.
- In the current financial year, the Entity continued with monthly reporting that allowed for corrective measures to be implemented and followed up timeously before the end of the quarter.

4.3 PROGRAMME 3: EDUCATION AND TRAINING

The Education and Training Programme is responsible to ensure that all stakeholders, being property owners, occupiers and all other identified stakeholders are receiving CSOS consumer awareness and are trained.

The Education and Training Programme covers the work of the following business functions:

Business Function	Purpose
Stakeholder Training and Consumer Education	To provide training and general education on the rights and obligations in community schemes for conciliators, adjudicators, trustees, owners, occupiers, managing agents, and any other persons the CSOS deem necessary.
	To train and place Executive Managing Agents from previously disadvantaged groups in community schemes, where requested

In contributing towards the Community Schemes Ombud Service desired impact of "governed, harmonious, empowered and transformed community schemes contributing to spatial justice, socio-economic transformation and the creation of liveable neighbourhoods", the Education and Training Programme delivers against the following outcome in the Strategic Plan:

Outcome 4: Empowered stakeholders

Outcome 5: Transformation of community schemes advanced.

Programme 3: Education and Training

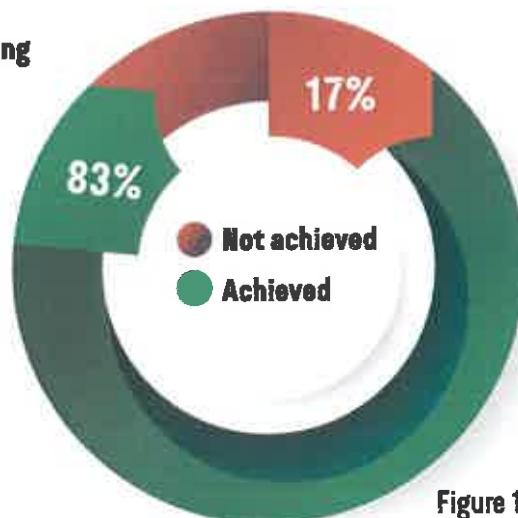


Figure 11

4.3.1 PROGRAMME 3 STRATEGIC SIGNIFICANT ACHIEVEMENTS OF STRATEGIC OBJECTIVES, PERFORMANCE INDICATORS AND PLANNED TARGETS.

As per section 4(2)(b) of the CSOS Act, it is the responsibility of the entity to develop, identify and publicise education and information programmes for owners, occupiers, scheme executives, body corporates and other persons who have rights and obligations in community schemes. This helps to make the sector more inclusive, and it is important in preventing unnecessary disputes that arise as a result of misunderstandings and a lack of information.

CSOS continued to implement its annual marketing and public relations strategy in a bid to improve its image. Such multi-pronged strategy includes improved complaints management, branding, education and awareness for tenants, body corporates and owners and conducting campaigns. The campaigns were upscaled to include other media elements such as TV, Print, and Online Media. This is in line with the Board approved Marketing and Communications Strategy, which includes the allocation of resources for the utilisation of various platforms and channels for communicating the CSOS brand, awareness, and education message.

From the 2020/21 financial year CSOS could not conduct any large-scale face-to-face consumer education sessions due to restriction on gathering, however in the later part of the 2021/22 financial year it managed to conduct a total 73 training and education sessions which consisted of a combination of contact, virtual training, webinars, and You Tube videos. Based on COVID-19 learnings a hybrid approach to education and training was adopted, comprising a mix of physical and online (webinar) meetings and sessions, including stakeholder engagements.

The Board approved go-to-market approach that would see CSOS in mass traditional and digital media to create awareness, visibility and support the scheme registration drive. Building a brand takes time and investment, phase one of this important conversation with the SA public began in earnest. The aim of the awareness campaign in this phase was to get as much reach (impression) as possible so that people are aware – the next step in phases to come will be to create more conversion and engagement.

I. ADVANCING TRANSFORMATION OF THE SECTOR

The CSOS is bound by the STSMA to appoint a panel of EMA for those community schemes who could not appoint an EMA via a special resolution. An EMA means a qualified managing agent with the required skill and experience, who is appointed to carry out all the

functions and powers of the Trustees of a Body Corporate (BC) in terms of Prescribed Management Rule (PMR) 28 of the Sectional Titles Schemes Management Act (STSMA), Act No 9 of 2011. The Panel for Executive Managing Agent (EMA) was established with a total of 23 EMA appointed and trained. The launch of the panellist took place in November 2021 and February 2022. The APP target has therefore been exceeded with 3 more EMA appointed. The CSOS Panel of EMA are spread across the 9 Provinces in South Africa

To speed up the transformation process in the sector, engagements are being held with Managing agents to provide a platform for Established Executive Managing Agents (EEMAs) to provide mentorship, capacity development, internship, and other developmental initiatives to Historically Disadvantaged Managing Agents (HDMAs). To date Pretor, Trefalgar and Midcity were engaged, and MOU are being finalised. The Governance Unit together with the Chief Ombud undertook some roadshows to get a sense of what is going on in terms of governance of public schemes. The Roadshows also introduced CSOS to Municipalities with a view to exploring collaboration on data exchange around existing Schemes for purposes of registration with CSOS and also information sharing for new applications for future developments. To date engagements were held with Nelson Mandela Bay Metro, City of Cape Town Metro as well as eThekweni. The Governance Manager is part of the Sector Economic Empowerment Enterprise Development Programme (SEED) where entities of the Department of Human Settlements collaborate in order to transform the property sector. The SEED programme has been presented to a number of Chief Executive Officers of entities including the Chief Ombud of the CSOS and it was well received.

II. EXTERNAL COMMUNICATIONS

One of the CSOS' mandates is to provide stakeholder training, consumer education and awareness for property owners, occupiers, and other stakeholders in community schemes about their rights and obligations. The focus for the CSOS is to conduct training and education to Adjudicators, Conciliators, Executive Committees of schemes and other stakeholders. Furthermore, it is to provide consumer education on the rights and responsibilities of owners, occupiers and other stakeholders living in community schemes and to create public awareness of the CSOS services in terms of its mandate.

In the first quarter (Q1) of the 2021/22 financial year, the CSOS continued with social media awareness campaigns through GCIS Media Buying which started in the prior year. The aim of the campaign was to create awareness and visibility, and to increase registrations by community schemes from all areas, using paid social media adverts and organic posts.

A social media campaign was implemented through various social media platforms i.e., Facebook, YouTube, Twitter, and LinkedIn. In total, the digital media campaign achieved a lead of 3 019 840 on reach and impressions, 113 231 on engagements (likes, comments, shares, link clicks), 474 007 video views and 3,74% on campaign engagement rate.

CSOS will continue to implement annually a marketing and public relations strategy in a bid to improve its image and bad ratings. This multi-pronged strategy includes improved complaints management, branding, education and awareness for tenants, body corporates and owners and conducting awareness campaigns.

Looking ahead, the campaigns will be upscaled to include other media elements such as TV, Print, and Online Media. This is in line with the Board approved Marketing and Communications Strategy, which includes the allocation of resources for the utilisation of various platforms and channels for communicating the CSOS brand, awareness, and education message.

Amidst the pandemic, CSOS, managed to exceed the set target of 12 stakeholder sessions per year by 7 more sessions. Based on COVID-19 learnings, a hybrid approach to education and training has been adopted, comprising a mix of physical and online meetings and information sessions. This included stakeholder engagements and the issuing of YouTube videos in the period under review. The Entity also coordinated a webinar in partnership with Estate Living.

As part of the awareness campaign, radio interviews were secured for the CSOS and conducted by the Chief Ombud, Advocate Boyce Mkhize on various radio stations such as Heart FM, Radio 702, Algoa FM, Gagasi FM, SA FM, Radio 2000, and Ukhozi FM. The Gauteng Ombud, Mr Abram Masilo was also on Lesedi FM and SA FM explaining the processes and calling unregistered community schemes to register. All of these media appearances were earned, not paid.

TV interviews were also secured for the Chief Ombud on current affairs programmes ENCA, Newzroom, and SABC 1, Consumer Rights Programme, Yilungelo Lakhó – also for free.

Billboards were also flighted in in Durban and Gauteng in July 2021 as follows:

- o S020KM Marlboro, Gauteng
- o 88 Alice Street, Durban, KwaZulu Natal
- o 403 West Street, Durban, KwaZulu Natal
- o Atterbury, Pretoria Gauteng

In Q1, two advertorials were placed on Sunday Times supplement: Leadership and Empowerment magazine, which takes a closer look at how businesses, institutions and organizations can help strengthen capacity through stakeholder engagements, collaborations, and partnerships. In Q4, another advertorial (Call for Community Schemes to Register) was placed in the Business Day: Human Rights supplement.

Chief Ombud and the CFO were also profiled in the Public Sector Leader Magazine, including the organisation's online profile which was live in the Top Empowerment website with a hyperlink to the CSOS website, directing traffic to our website.

Our social media is growing in leaps. The number of followers on our Facebook page was sitting at 4 526 at the end of the 2021/22 financial year, up from 3 790 at the end of the 2020/21 financial year.

The development of the website and intranet was fully completed, and they are both fully operational. Four (4) issue of the CSOS stakeholder magazine, SharedLiving, were published.

• Media Coverage

COMBINED SCORECARD

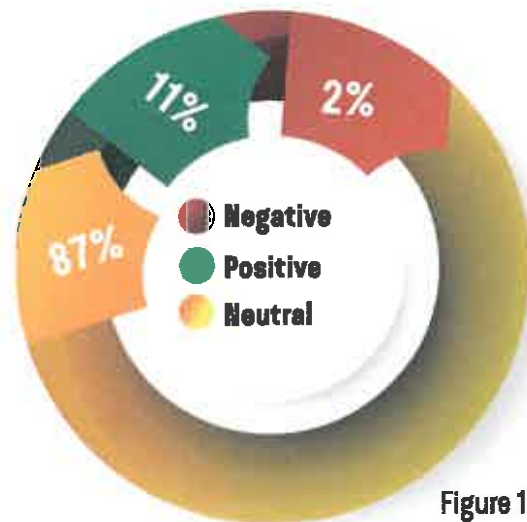
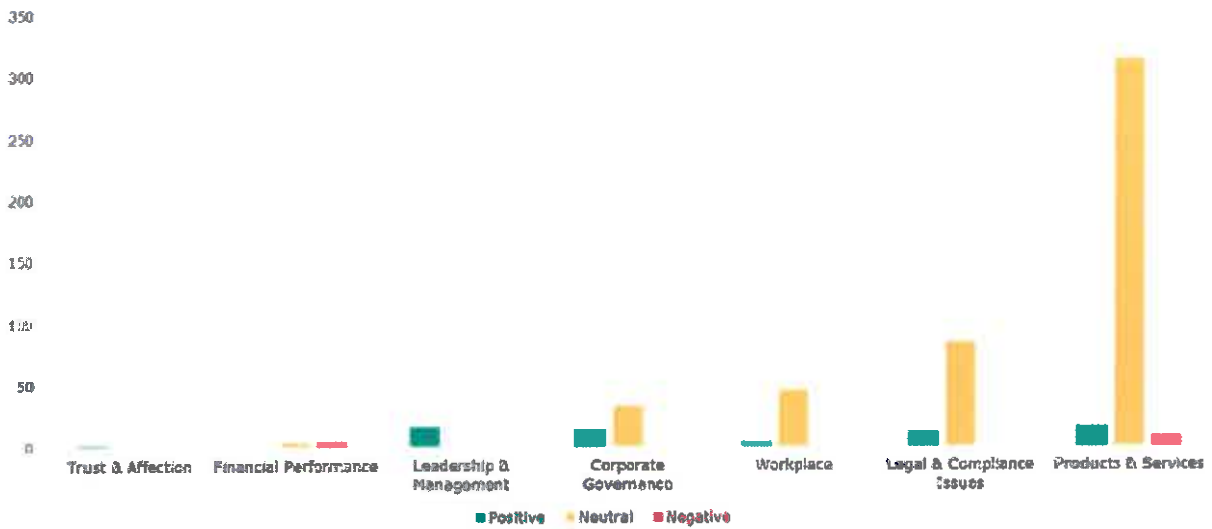


Figure 12

REPUTATION VARIABLES FOR POSITIVE AND NEGATIVE COVERAGE



III. COMMS AND MARKETING STRATEGY ACTIVITIES

Activities as per the Strategy	Q1 activities implemented	Q2 activities implemented	Q3 activities implemented	Q4 activities implemented
Take over national Sunday news media their websites Followed by page T/O's of select Online News Media	Traditional media advertorial featured on Sunday Times	0	Traditional paid media: CO profile featured in December Top Empowerment Magazine (https://is-suu.com/topcome-dia/docs/top_empowerment_21st_edition_for_2021?fr=sZDU5NjQ0MjQ5MDg)	0
Use RADIO to drive all CSOS Awareness messaging	0	CO radio interviews: Ukhozi Fm - Abasiki Bebunda - 17 Sep 2021 @ 18h45 - CSOS power Fm - Power Up - 20 Sep 2021 @ 05h45 - CSOS	CO radio interviews: Radio 2000 Gagasi FM SA FM Heart FM GP Regional Ombud radio interviews: Lesedi FM	Radio interview SA FM
Strategic BILLBOARD placements in Boards that reach both: - 1 High density suburbs - 2 Major traffic routes	0	(4 Billboards flighted in 2 provinces (GP and KZN)	0	0

Activities as per the Strategy	Q1 activities implemented	Q2 activities implemented	Q3 activities implemented	Q4 activities implemented
Investment in TV Adverts	0	0	0	TV interview (Yilungelo Lakho) with the Chief Ombud
Brand Activations in Malls Municipal premises - ACTIVATIONS: BROCHURE	0	Launch of Service charter and Service Catalogue	Service Charter brochures uploaded on the website and social media i.e., Twitter and Facebook. The brochures are also in all CSOS building for the clients.	Qhebega office opening activations
Invest in Digital Marketing	0	Online news media: a paid article featured on the September issue of Public Sector Leaders digital magazine	Online news media: paid article on December: Top Empowerment digital magazine (CO profile)	
Invest in Social Media advertising	Social Media activities: 13 paid social media posts 25 organic Facebook posts 59 organic Tweets 2 YouTube informational videos	Social Media activities: 0 paid social media posts 36 organic Facebook posts 60 organic Tweets 10 YouTube informational videos	Social Media activities: 0 paid social media posts 30 organic Facebook posts 30 organic Tweets 1 YouTube informational videos	Organic posts utilised on social media (Twitter, Facebook, and LinkedIn) to raise awareness
Digital Print Media	0	A paid article featured in the September issue of Public Sector Leaders digital magazine	Online news media: paid article on December: Top Empowerment digital magazine (CO profile)	0
Total: 8 activities to reach 100% by end March	2 activities achieved in Q1	6 activities achieved in Q2	6 activities achieved in Q3	4 activities achieved in Q4

IV. INDUSTRY BODY ENGAGEMENTS

The CSOS has entered into MOU agreements with the National Association of Managing Agents (NAMA) and the Association for Residential Communities (ARC). Part of the agreements entail the holding of at least one quarterly information sharing session.

Body	Q1	Q2	Q3	Q4
NAMA	08/08/2021	29/09/2021	14/12/2021	2022/03/28
ARC	Deferred to July due to unavailability of key members	05/07/2021 13/07/2021	14/12/2021	2022/03/28
KZN Regional Information Session	No session scheduled	N/A	29/11/2021	N/A
ARC Conference	N/A	N/A	N/A	2022/03/15-18
KZN: Bonela Press Briefing	N/A	N/A	N/A	2022/02/10
KZN: Bonela Information Session	N/A	N/A	N/A	2022/02/10
Eastern Cape: Gqeberha Information Session	N/A	N/A	N/A	2022/02/13
GP: The Blyde Press Briefing	N/A	N/A	N/A	2022/01/12

At these meetings, the CSOS delegation was led by the Chief Ombud and supported by the Regional Ombuds, Adjudicator General, Manager for Governance, Compliance and Enforcement and Manager Marketing and Communications. The agenda is the same for both where industry matters of concern as well as CSOS operational updates are discussed.

4.3.2 STRATEGIC OUTCOME ACTUAL ACHIEVEMENTS

Output Indicator	Audited Actual Performance 2018/2019	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	Actual Achievement 2021/2022	Deviation from planned target to Actual Achievement 2021/2022	Reasons for deviations
4.1.1. Number of training and education sessions conducted for schemes executives and owners	23 Training sessions conducted (1022 stakeholders trained)	18 training and education sessions conducted for schemes executives and owners	20 training and education sessions conducted for schemes executives and owners	73 training and education sessions conducted which consisted of a combination of contact, virtual training, webinars, and YouTube videos.	Target is exceeded by 53 training and education sessions conducted for schemes executives and owners	Collaboration with the Regional offices and the use of various training platforms (contact, virtual training, webinars, and YouTube videos), contributed to target exceeded by 9 training and education sessions.

Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	Actual Achievement 2021/2022	Deviation from planned target to Actual Achievement 2021/2022	Reasons for deviations
4.1.2. Number of training sessions conducted for adjudicators and conciliators	50 Core Staff Trained	10 Training sessions conducted for adjudicators and conciliators	8 training sessions conducted for adjudicators and conciliators	14 training sessions conducted for adjudicators and conciliators	Target over-achieved by 6 sessions	Target achieved
4.2.1. Number of stakeholder information sessions conducted	No target	14 stakeholders' information sessions conducted	12 stakeholder information sessions conducted	17 stakeholder information sessions conducted	Target exceeded by 5 stakeholder information sessions	Target achieved
4.3.1. Percentage implementation of Marketing and Communications Plan	No target	No target	100% implementation of Marketing and Communications Plan	100% of the activities of Marketing and Communications Plan implemented	Target achieved	Target achieved
5.2.1. Number of previously disadvantaged individuals trained as executive managing agents	No target	Not achieved 0 Previously disadvantaged Individuals identified as executives managing agents	20 previously disadvantaged individuals trained as Executive Managing Agents	23 previously disadvantaged individuals trained as Executive Managing Agents	Target is exceeded by 3 Executive Managing Agents.	Target achieved
5.2.2. Percentage of community schemes' requests for Executive Managing Agents awarded to previously disadvantaged individuals	No target	No target	80% of community schemes' requests for Executive Managing Agents awarded to previously disadvantaged individuals	0% (2 request were received for appointment of EMA; however, the appointment process was not finalised by end March).	-80% of community schemes' requests for Executive Managing Agents awarded to previously disadvantaged individuals	No Executive Managing Agents were successfully placed however all the appointed EMA on the database are PDI. In the new financial year, awareness campaigns will be coordinated around the importance of EMA and the appointment process. Engagements are being held around the Transformation fund to open up opportunities for the EMA's.

4.3.3 CHANGES TO PLANNED TARGETS

No changes to the planned targets

4.3.4 STRATEGY TO OVERCOME AREAS OF UNDERPERFORMANCE.

The CSOS manages performance in the following manner:

- Quarterly reports are discussed at EXCO, Audit and Risk Committee (ARC) and Board meetings for monitoring and submitted to the Department of Human Settlements for oversight monitoring and feedback.

- A report on targets that are not achieved is compiled and submitted to EXCO for decision-making on corrective measures.

- Each Board Sub-Committee has its relevant APP target/s as a standing item on its agenda. Progress is monitored and reported back to the Board.

- Operational plans are drafted, which include the actions to be taken in order to meet the APP targets and the associated resources required.

- In the current financial year, the Entity continued with monthly reporting that allowed for corrective measures to be implemented and followed up timeously before the end of the quarter.

5. TRANSFER PAYMENTS

5.1. TRANSFER PAYMENTS TO PUBLIC ENTITIES

Not applicable.

6. CONDITIONAL GRANTS

Not applicable.

7. DONOR FUNDS

Not applicable.

8. CAPITAL INVESTMENT

Progress has been made on implementing the capital, investment plan for the procurement of the Business Automation IT systems.



PART C
GOVERNANCE

1. INTRODUCTION

The CSOS is committed to continuously strengthening compliance, managing risks, and upholding good governance within the risk, control, and governance environment. This is fundamental to the management

of public finance and the assurance that the use of the resources is effective, efficient and realises optimum value for money. The CSOS ensures continuous monitoring, reviewing and evaluation of mechanisms aimed at mitigating identified strategic and operational risks.

2. PORTFOLIO COMMITTEES

Date	Purpose
28 April 2021	Briefing the Portfolio committee on Community Schemes Ombud Services (CSOS) 2022/23 Annual Performance Plan
10 Nov 2021	Briefing the Portfolio committee on Community Schemes Ombud Services (CSOS) annual report 2020/21
16 March 2022	Briefing the Portfolio committee on Community Schemes Ombud Services (CSOS) on progress on the implementation of the Audit Remedial Plan

3. THE ACCOUNTING AUTHORITY / BOARD

Introduction

- The importance and purpose of the Board.

The Board is the focal point and the custodian of the corporate governance framework which is the overarching policy that directs how all governance structures should operate. CSOS corporate governance framework clearly articulates the basic principles and operational processes for the application of good corporate governance throughout the governance structures within the business.

The role of the Board is as follows:

Board's Rules and Responsibilities

CSOS Board subscribes to the Companies Act No.71 of 2008 and Public Finance Management Act in terms of their duties and responsibilities.

Companies Act Section 76 of the Act addresses the standard of conduct expected from directors and extends it beyond the common law duty of directors by compelling them to act honestly, in good faith and in a manner, they reasonably believe to be in the best interests of, and for the benefit of, their companies.

The Board views good governance as a vital component in operating a successful and sustainable business, as well as providing assurance to all stakeholders. To that end, the Board continues to adhere to the principles of the King Report on Corporate Governance for South Africa (King IV) which was adopted in the 2016/17 financial year. This ensures the Board's pivotal role in creating value by setting policy, overseeing corporate governance, compliance frameworks and control environment, as well as maintaining sound corporate governance practices within the organisation.

Section 76(3) of the Act states that a director of a company, when acting in that capacity, must exercise the powers and perform the functions of a director: in good faith and for a proper purpose; in the best interests of the company; and with the degree of care, skill and diligence that may reasonably be expected of a person carrying out the same functions in relation to the company as carried out by that director, and having the general knowledge, skill and experience of that director.

Section 76(4) of the Act states that in respect of any matter arising in the exercise of the powers or the performance of the functions of a director, a director will have satisfied the obligations in section 76(3) of the Act, if the director: has taken reasonably diligent steps to become informed about the matter; has made a decision, or supported the decision of a committee or the board with regard to that matter; and had a rational basis for believing, and did believe, that the decision was in the best interests of the company.

In further compliance with this section, the director is required to communicate to the board, at the earliest practicable opportunity, any material information that comes to his or her attention, unless he or she: reasonably believes that the information is publicly available or known to the other directors; or is bound by a legal or ethical obligation of confidentiality.

Section 72 of the Act entitles companies to appoint board committees and delegate to any committee any authority of the board. Such committees may include people who are not directors of the company, but they may not be ineligible or disqualified to be a company director and may not vote on any matter to be decided by the committee.

Public Finance Management Act states that Fiduciary accounting authority for a public entity must— exercise the duty of utmost care to ensure reasonable protection of the assets and records of the public entity.

Act with fidelity, honesty, integrity and in the best interests of the public entity in managing the financial affairs of the public entity; (c) on request, disclose to the executive authority responsible for that public entity or the legislature to which the public entity is accountable, all material facts, including those reasonably discoverable, which in any way may influence the decisions or actions of the executive authority or that legislature; and

Board Induction, Training and Development

CSOS continually provides information to Board members on the CSOS business and changes in the business landscape to keep them abreast of the ever-changing and evolving business and corporate governance requirements.

To ensure access to the appropriate balance of knowledge, skills, experience and independence, members are given opportunities to attend training to better understand their fiduciary duties and responsibilities as directors, and to keep abreast of legislative and regulatory changes and best practice.

The Secretariat unit coordinated an in-depth induction programme to apprise Board members of the CSOS structure, business activities, policies, and other related matters to enable them to fulfil their responsibilities, the Secretariat further coordinated the Continuous Development Program for all Board members including two executive members.

Conflict of Interest

Conflict of interest is a standing agenda item at all meetings of the Board, and related sub-committees on conflicts of interest. Identified perceived conflicts of interest are assessed through a formal process

conducted by internal assurance providers and a report in this regard is submitted to the Board for information. Where conflicts of interest may exist, members are requested to recuse themselves from discussion on the relevant agenda item.

The Board subscribes to the principle that conflicts of interest should be avoided. Members are required to declare any personal financial interests that pose a potential conflict of interest through a formal disclosure process that takes place annually or as and when their circumstances change.

At each Board, and sub-committee meeting, directors declare their conflicts regarding any agenda item to prevent personal interests from subverting the interests of the organisation. In addition, individual directors declare their interests in a register that is presented to the Shareholder annually for consideration.

Should any member have a personal interest in a matter under discussion, they are obliged to disclose their interests and recuse themselves from the discussion.

Performance Evaluation of the Board

For purposes of ensuring continuous improvement in the Board's performance and effectiveness, members are individually subjected to a process of performance evaluation on an annual basis, for the reporting period this process is underway.

The process is conducted in accordance with the Policy regarding Board Practices and Remuneration of Board Members for Entities Reporting to the Minister of Human Settlements includes the assessment of performance of governance structures.

The process of appointing an external service provider to conduct an independent assessment of performance of the Board, its sub-committees as well as individual members including the Chairperson, is in progress.

Delegation of Authority

The Board recognises the importance of implementing the Delegation of Authority (DoA) Framework within the CSOS governance structures to promote independent judgment and assist with balance of power and effective discharge of its duties.

CSOS'S DoA Framework outlines the levels of materiality in relation to the business and has reserved specific powers for its decision-making and delegated certain powers to its sub-committees and the Chief Ombud. The Chief Ombud has also been granted the authority to sub-delegate further to management and throughout the organisation.

The DoA Framework does not in any way divest the Board of its responsibilities, authority and duties.

Chairperson and Chief Ombud

The Chairperson is an independent non-executive member and is responsible for leading the Board.

The Chief Ombud is responsible for providing ethical leadership and ensuring that operations are aligned with strategy. The roles of the Chairperson and Chief Ombud are independent and separate.

The Chief Ombud reports to the Board and is ultimately responsible for the day-to-day running of the business which includes formulating strategies and policies which are approved by the Board for implementation. The division of responsibilities ensures balance, and that no individual has unrestricted decision-making authority. Both parties operate in terms of distinct mandates.

Chief Executive and Executive Management

The Board has delegated decision-making authority on the operational activities and control of the internal governance structures of the business to the Chief Ombud through the Delegation of Authority Framework.

The Chief Ombud is accountable to the Board and stakeholders and is supported by a team of executives to effectively execute the mandate and to oversee implementation of operational activities in line with the CSOS strategy.

Composition of the Board

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned	Qualifications
M Tyamzasha	Chairperson	1 January 2019	Term ended 30 November 2021	B Degree
M Ramataboe	Deputy Chairperson	1 January 2019	Term ended 31 December 2021	CA (Lesotho), MBA (University of the Free State) Accredited Associate of the Institute of Independent Business (UK)
T Holmes	Board Member	1 January 2019	Term ended 31 December 2021	CA (SA).
A Olifant	Board Member	1 January 2019	Term ended 31 December 2021	MBA (UCT).
L Noge-Tungamirai	Board Member	1 January 2019	Term ended 31 December 2021	IT

Name	Designation (On terms of the Public Entity Board statute)	Date appointed	Date resigned	Qualifications
P Mthethwa	Chairperson	1 January 2022	Newly appointed	Master of Management in Business Executive Coaching - (Wits)- Current Studies, B Comm in Accounting and Human Resources Management (Wits), Management Development Program- (Sun), AFM Theological Seminar, Auckland Park, B Theory.
G Donovan	Deputy Chairperson	1 January 2022	Newly appointed	Executive Leadership Programme (UCT GSB) Dip in Education (UWC) BA BEd LSTD - (UWC)
S Dshni* (Resigned)	Board Member	1 January 2022	Newly appointed	University of Natal, BSc (Actuarial Science and Statistics) graduated Cum Laude in 2003 Actuarial Society of South Africa
M Xulu	Board Member	1 January 2022	Newly appointed	Adv of the High Court LLB (Unisa), LLM (Unisa) current studies
N Sithole	Board Member	1 January 2022	Newly appointed	Advanced Certificates in Management Practicas 2021-Henley Business School, M (Eng.) Industrial 2018-University of Witwatersrand, BSc (Eng.) Civil 2013-University of Witwatersrand
S Rakolote	Board Member	1 January 2022	Newly appointed	Masters in Conflict Resolution and Management (NMU) current studies, Management Development Programme in BBEE (Unisa)-Master's in Public Administration (Unisa)-Public Participation Cert- (Sun), Monitoring and Evaluation Cert – (Rhodes), B-Tech in Education Management - Unisa, Emerging Management Development Program Cert. (UP)National Diploma in Child and Youth Development (Unisa), Sports Management Diploma – Boston City Campus, Secondary Teachers Diploma – Mamo Kgale ke Chuene College of Education.

BOARD SUBCOMMITTEES FINANCIAL YEAR 2021/2022(April to December 2021)

Committee	No. of meetings held	No. of members	Name of members
Human Resources Committee	5	2	Ms. Ayanda Oliphant (Chair), Ms. L Noge-Tungamirai
Finance Committee	4	3	Mr Holmes (Chair), Ms. A Olifant, Mr M Tyamzashe
Audit and Risk Committee	7	4	Ms. M Ramataboe (Chair), Ms. L Noge-Tungamirai, Adv M Motala
Legislation, Adjudication and Transformation Committee	3	3	Ms. M Ramataboe, Mr Holmes; Mr M Tyamzashe

BOARD SUBCOMMITTEES FINANCIAL YEAR 2021/2022(April to December 2021)

Committee	No. of meetings held	No. of members	Name of members
Human Resources Committee	6	3	Ms. P. Mthethwa, Ms. N. Sithole, Mr. S. Rakolote
Finance Committee	7	3	S Deshni* (Resigned- 8 April 2022), Ms. N. Sithole, Mr. S. Sediko
Audit and Risk Committee	11	3	Ms. M. Ramataboe, Mr. D. Goliath, Adv M. Xulu
Social and Ethics Committee	3	4	Mr D. Goliath, Mr. S. Rakolote, Ms. M. Ramataboe, Ms. P. Mthethwa
Legislation, Adjudication and Transformation Committee	4	3	Adv M. Xulu, Ms. D. Subbiah, Mr D. Goliath
Governance Committee	2	8	Ms. P. Mthethwa, Mr D. Goliath, Mr. S. Rakolote, Ms. M. Ramataboe, Ms. N Sithole, Ms S Deshni* (Resigned- 8 April 2022),

REMUNERATION OF BOARD MEMBERS

Name	Designation (in terms of the Public Entity Board structure)	Remuneration	Other re-imbursements	Total
M Tyamzashe	Chairperson	R194 478.66	R242.34	R194 721.00
M Ramataboe	Deputy Chairperson	R173 789.66	R242.34	R174 032.00
T Holmes	Board Member	R138 913.00		R138 913.00
A Olifant	Board Member	R136 188.00		R136 188.00
L Noge-Tungamirai	Board Member	R136 188.00		R136 188.00
P Mthethwa	Chairperson	R99 291.04	R841.96	R100 133.00
G Donovan	Deputy Chairperson	R75 560.00	R699.00	R76 259.00
S Deshni	Board Member	R57 617.28	R175.72	R57 793.00
M Xulu	Board Member	R62 855.64	R3 048.36	R65 904.00
N Sithole	Board Member	R57 966.00		R57 966.00
S Rakolote	Board Member	R59 142.00	R348.00	R59 490.00
M Ramataboe	Board Member	R42 350.00	R1 872.00	R44 222.00

4. RISK MANAGEMENT

The Community Schemes Ombud Service (CSOS) has committed itself to a Public Sector Risk Management Framework, which is based on ERM principles articulated in COSO and ISO 31000 frameworks. The framework also recognises the King Code of good Governance principle 11.

Risk Management in CSOS is fundamental for the delivery of the Entity's mandate and achievement of all corporate objectives. The CSOS Board exercised oversight in the implementation and management of risks within the organisation and the Audit and Risk Committee advised the Entity on risk management and independently monitored the effectiveness of the systems within risk management. Then CSOS ensured that risk is not only seen as a threat, but as an opportunity to enhance its commitment to continuous improvement.

During this period, the Risk Management reviewed the developed Risk management Policy and Framework, which were presented to and approved by the Executive Committee (EXCO), Audit and Risk Committee (ARC) and Board.

Also, the Risk Management conducted the risk assessments within the various programmes of the Entity, to determine the effectiveness of its risk management policy and to identify new and emerging risks. Resulting from these risk assessments, the revised Strategic and Operational risk register as well as a Fraud risk Register were realigned to focus on the new identified risk mitigation strategies. A strategic risk register which contains risks that are considered to impede the achievement of the CSOS' strategic objectives were developed and approved by the ARC. Business Units within the CSOS compiled risk registers aligned with divisional operational plans. Both the strategic and operational risks were monitored and reported to the Audit and Risk Committee on a quarterly basis. Furthermore, during this period, the CSOS developed and approved its Risk Appetite and Tolerance Framework. CSOS continuously manage the risks throughout the year using amongst other measures such as KRIs, KCIs, and others. These indicators signal if the identified risks are within the desired levels or if they are about to be breached.

5. INTERNAL AUDIT AND AUDIT COMMITTEES

5.1 INTERNAL AUDIT

The Internal Audit Function at CSOS provides an independent, objective assurance and consulting service designed to add value and improve the organisation's operations. It helps the organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, compliance, and governance processes. The CSOS Internal Audit Function is responsible for the following:

- a) Evaluating controls, risk management activities of the organisation and reporting on the effectiveness and efficiency of the implementation of management controls;
- b) Evaluating risks by identifying key activities and relevant risk factors and assessing their significance. The Internal Audit Function has adopted a more proactive and risk-based approach. This enables the function to anticipate possible future concerns and opportunities as well as identify current issues;
- c) Analysing operations and confirming information by closely working with line managers to review operations then report their findings; and
- d) Reviewing compliance to ensure that the organisation is adhering to rules, regulations, laws, codes of practice, guidelines, and principles as they apply individually and collectively to all parts of the organisation.

The Internal Audit Function assesses and makes appropriate recommendations for improving risk and governance processes to accomplish the following objectives:

- a) Promote appropriate ethics and values within the organisation;
- b) Achieve effective organisational performance management and accountability;
- c) Communicate risk and control information to appropriate areas of the organisation;

- d) Assist Management in achieving the organisation's strategic objectives;
- e) Secure reliability and integrity of financial and operational information;
- f) Operate effectively and efficiently;
- g) Safeguard of assets; and
- h) Comply with laws, regulations, policies, and procedures.

The Internal Audit Function strives to conform to the International Standards for the Professional Practice of Internal Auditing and performs its activities in compliance with the PFMA, National Treasury Regulations and the King IV Report on Corporate Governance. Accordingly, Internal Audit adopted a risk-based approach, and its Annual Audit Operational Plan is approved by the Audit and Risk Committee. The Audit Operational Plan is flexible and responsive to CSOS's risk profile. The purpose, authority and responsibility of the Internal Audit Function is formally defined in the Internal Audit Charter. Internal Audit reports functionally to the Audit and Risk Committee and has full and unrestricted access to all organisational activities, records, property, and personnel.

5.2 AUDIT AND RISK COMMITTEE

The Audit and Risk Committee is responsible for an oversight role and monitoring the effectiveness of internal control; financial controls and risk management; compliance with legislation and regulations, overall good governance, and the review of the Annual Financial Statements. Internal Audit reports to the Audit and Risk Committee on a quarterly basis and submits written annual assessments of controls at the end of each year.

The table below discloses relevant information on the audit committee members

Name	Internal or external	If internal, position in the public entity	Date appointed	Date Resigned
Ms. M Ramataboe	External	N/A	1 January 2019 and reappointed on 1 January 2022	N/A
L Noge-Tungamirai	External	N/A	1 January 2019	31 December 2021
Adv M Motala	External	N/A	1 January 2019	31 December 2021
Mr D Goliath	External	N/A	1 January 2022	N/A
Adv M Xulu	External	N/A	1 January 2022	N/A

6. COMPLIANCE WITH LAWS AND REGULATIONS

The board of CSOS recognises its accountability to its stakeholders under the regulatory requirements applicable to its business and remains committed to high standards of integrity and fair dealing in its conduct. Given the importance of complying with the ever-increasing domain of regulatory requirements, and the increased national and international emphasis placed on regulatory supervision, the Board, Executive Committee, and employees continue to monitor, align, and adhere to compliance requirements.

Further, during this period, CSOS developed its Regulatory Compliance Universe, detailing a list of laws, rules, best practice standards and codes which affect the CSOS either directly or indirectly. This Compliance Universe shall be updated annually, and as and when there are developments in the CSOS regulatory environment. A compliance monitoring tool was developed in order to develop and maintain a compliance culture by ensuring that the CSOS identified and complies with applicable laws, rules, codes and best practice standards.

Currently there are 67 Legislations that have been recorded for the CSOS Regulatory Universe. The Compliance focus for the period had been limited to 16 Legislations that were clustered for compliance monitoring. It was due to the insufficient capacity in the Risk Management Unit and gaps in resources for Legal which resulted in delays in service delivery, placing the entity at risk of not complying with applicable laws and mandatory requirements, and delays in completion of tasks / projects such as the review of the CSOS Regulatory Compliance Register and Legislative Review Project which entails the amendment of the CSOS & STSM Acts and Regulations thereto.

Further, CSOS remains vigilant in monitoring material risks and developing an appropriate control environment to ensure organisation-wide compliance. The Board oversees compliance management and has delegated the review and approval of the organisation's compliance programme to the Audit, Risk and Ethics Committee and the authority to oversee compliance matters within CSOS.

7. FRAUD AND CORRUPTION

Fraud and corruption erodes good governance and obstructs service delivery hence the CSOS is committed to a zero-tolerance approach to fraud and corruption.

The CSOS has an Anti-Fraud and Corruption Prevention Policy and Strategy and Whistle Blowing Policy which were review and approved during the period under

review. The Whistle blowing Policy enables officials and third parties to report fraud and corruption anonymously. One of the fraud prevention measures at CSOS entails pre-employment screening of prospective employees to ensure employees of the CSOS have and maintain integrity. By performing pre-employment screening the potential risk that a person may pose to the CSOS is determined and areas of concern detected before appointments are made.

The primary objectives of the Anti-Fraud and Corruption Prevention and Policy Strategy are to:

- a) Provide guidelines in preventing, detecting, and reporting fraudulent activities within CSOS.
- b) To raise the level of fraud awareness amongst employees and other stakeholders.
- c) Create a culture within CSOS where all employees and stakeholders continuously behave ethically in their dealings with or on behalf of CSOS.
- d) Encourage all employees and stakeholders to strive towards the prevention and detection of fraud impacting or having the potential to impact positively on CSOS.
- e) Identify, manage, and reduce the risk of fraud at all levels within CSOS.
- f) Encourage all employees and stakeholders to report suspicions of fraudulent activity without fear of reprisals or recriminations.
- g) Provide a focus point for the allocation of accountability and authority.

In order to enhance the Fraud risk culture in the Entity, Risk Management performed and conducted the following during the period:

- An organisational-wide awareness of the CSOS Anti-Fraud and Corruption Strategy were conducted during the quarterly Organisation Team-Talk session.
- An article of the Risk Management and Fraud awareness were published in the CSOS internal newsletters.
- The Anti-Fraud and Whistle Blowing pamphlets were displayed at the CSOS Head and Regional Offices as well as screensavers on the employees' computers.

It is the policy of the CSOS that fraud, corruption, maladministration, or any other dishonest activities of a similar nature will not be tolerated. Such activities will be investigated, and actions instituted against those found responsible. Such actions may include the laying of criminal charges, civil and administrative actions, and recoveries where applicable. Prevention, detection, response and investigate strategies will be designed and implemented. These will include any existing controls (system controls and manual internal controls) and those currently prescribed in existing policies, procedures, and other relevant prescripts to the activities of the CSOS.

8. MINIMISING CONFLICT OF INTEREST

National Treasury issued PFMA SCM Instruction No.03 of 2021/22 which became effective on the 1st of April 2022. The said Instruction provides guidance on the implementation of the SCM process in a fair, equitable, transparent, competitive, and cost-effective manner, even though the power is now vested with the Accounting Officer there are processes that must be complied with to ensure fairness and transparency in the supply chain management process.

As an additional measure, a new Standard Bidding Document has also been introduced to minimise conflict of interest. SCM Practitioners sign Code of Conduct and declare their interests annually to the CSOS. Appropriate segregation of duties and internal controls are in place to mitigate risks of any conflict of interest that may arise from the supply chain management process

9. CODE OF CONDUCT

The intent of the Code of Conduct is to provide direction to employees regarding their employment relationship with the CSOS management, the Board,

stakeholders, fellow employees, and the public. The Code also indicates the spirit in which employees should perform their duties, what should be done to

avoid conflicts of interest and what is expected of them in terms of their personal conduct in the workplace and even in private life.

CSOS reviewed the Code of Conduct Policy which was approved by the Board and widely communicated to all staff to ensure common understanding and compliance. The Code of Conduct also integrates with other HR related Policies including the Talent Acquisition and Onboarding Policy wherein potential employees are subjected to a rigorous recruitment process. The purpose is not only to attract and retain talented employees but also assess the risk of Organisational fit regarding the congruence with the CSOS values which is a critical determining factor on whether to confirm the appointment or not.

In order to pro-actively manage the breach of code of conduct, CSOS takes a deliberate view of assimilating newly appointed employees to the culture, policies, norms, and values of the Entity within a month after

the appointment. This practice ensures that employee's worth is instilled at early stages of the Human Capital Lifecycle thus cultivating a foundation for ethical and professional standards.

On an annual basis, employees are expected to complete a declaration of interest and financial disclosure form. This is another strategy of ensuring that employees consistently comply with the highest standards of behaviour within the CSOS.

Like in any Organisation, some employees may breach the Code of Conduct despite the efforts of communicating or modelling acceptable standards of behaviour. In this case, such an employee irrespective of the level, will be subjected to the disciplinary process as the breach jeopardises the employer and employee trust relationship which is viewed in a serious light. The misconducts and how they were managed are reported to the Board as an oversight Body on a regular basis.

10. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

The Community Scheme Ombud Service (CSOS) as an employer considers its employees to be its most valuable assets and undertakes to safeguard them through providing and maintaining, as far as reasonably practical, a working environment that is safe and without risk to the health of its employees.

The CSOS met its annual performance plan by establishing a transactional site in Gqeberha. The lease agreement was signed, and occupation was from the 1st of February 2022 and launched on the 14th of February 2022.

The Feasibility Study report, with recommendations, which would guide the setting up of additional transactional sites for the 2022/23 financial year as well as for future years, was presented by the service provider.

The CSOS also registered with the Department of Labour for COIDA (Compensation for Occupational Injuries and Diseases Act, 130 of 1993 as amended), The OHS Representatives, Compliance Officers, First Aiders, Evacuation Officers, and Fire Marshalls were appointed in January 2022. This was to ensure that the CSOS is compliant with the Occupational Health and Safety Act. Additionally, an evacuation drill was conducted in March 2022.

In an effort to ensure compliance with the Act, the Occupational Health and Safety Policy was finalised and tabled for Board approval, in March 2022. Its primary objectives are to:

- To ensure compliance with the Occupational Health and Safety Act.
- To provide and maintain, as far as reasonably practicable a workplace that is safe and without risk to the health and safety of the workforce.
- To provide information, instruction, training, and supervision as may be necessary to ensure, as far as reasonably practicable the health and safety of the workforce; and
- To foster cooperation between the employer and employees on health and safety matters.

Weekly office fogging and disinfection was conducted to ensure a clean and safe environment. Furthermore, surgical masks and sanitisers were procured and offered to staff. All employees are screened for temperature prior to entering the office sign the attendance register.

10.1 COVID

Members of the Covid-19 task team continued to ensure compliance with the organisation's workplan as a requirement by the Regulation for Disaster Manage

ment Act. Regular Covid-19 Steering Committee meetings were held to ensure adherence to the Disaster Management Act, which guides the return to work and operations on a day-to-day basis.

The CSOS commits itself to adherence to the Occupational Health and Safety Act 1993, (Act No. 85 of 1993) requirements and other related regulatory and legislative frameworks, by providing and maintaining a safe

work environment and risk free to the health of its employees. Furthermore, the CSOS ensured, as far as reasonably practicable, that the health and safety of persons other than those in its employment, who may be directly affected by the organisational activities, were not exposed to risks and hazards resulting from such activities.

11. COMPANY /BOARD SECRETARY

The Company Secretary resigned in December 2021 and as a result CSOS is currently co-sourced Company secretariat services (Internal staff with external support - Sigama attorneys) who provides governance advice to the board and subcommittees of the board.

The Company Secretary plays a vitally important role in ensuring sound corporate governance practice, being the repository of governance knowledge and advice.,

The roles and responsibilities of the Company Secretary are outlined in Section 88(1) - (2) of the Companies Act 71 of 2008 and include, among others, providing guidance to the Board and its members, collectively and individually, as to their duties, responsibilities, and powers, as well as making the Board aware of any legislation and regulations relevant to, or affecting the organisation.

Principle 10 of the King IV Report on Corporate Governance for South Africa (King IV) captures some of the roles fulfilled by the Company Secretary which includes provision of guidance to the Board on its legal duties, and support to coordinate the functioning of the Board and its Committees.

Similarly, Company Secretary, who is the secretary of the Board and its sub-committees, and some of management governance structures, has unfettered access to the Board but maintains an arm's length relationship with the Board and its members for purposes of ensuring independence. The Company Secretary reports functionally to the Board through the Chairperson and administratively to the Chief Ombud. The Board evaluates the performance and independence of the Company Secretary on a quarterly, and annual basis.

12. SOCIAL RESPONSIBILITY

We conduct all our activities with deep respect for all our stakeholders and constant focus on reducing our environmental impact. Currently, no formal social responsibility policy has been implemented at an organisational level, but the policy is being drafted for Board approval.

For the reporting period though, the Chief Ombud visited Zwelibanzi High School in Umlazi KZN, to give a motivational talk to the Matric class of 2022.

The Accounting Authority has established a Social and Ethics Committee. The mandate of a Social and Ethics Committee is to monitor that the Entity's activities are adhering to all relevant legislations, other legal requirements, and prevailing codes of best practice with regard to:

- (i) social and economic development,
- (ii) good corporate citizenship,
- (iii) the environment, health, and public safety,
- (iv) consumer relationships,
- v) labour and employment, and
- (vi) ethics management.

13. AUDIT COMMITTEE REPORT

The Audit and Risk Committee is pleased to present its report for the financial year ended March 31, 2022, in compliance with Treasury Regulations 3.1.9 and 27.1.7 issued in terms of Section 51(1)(a)(ii) of PFMA, 1999, and King IV Code of good governance. The CSOS Audit and Risk Committee ("The Committee"), is established as an independent statutory committee in terms of the PFMA. The committee functions within approved terms of reference, which are reviewed annually to ensure their continued relevance, and complies with relevant legislation, regulations, and governance codes.

Audit and Risk Committee members and attendance

During the year under review, the Committee consisted of three (3) independent Non-Executive Members appointed by the Accounting Authority. The Committee attended its meetings as indicated below, which were also attended by the Auditor General South Africa, the Chief Audit Executive, and the Executive Management in an Ex-officio capacity, led by the Chief Ombud. The Membership is constituted as follows: -

Members	Date Appointed	Meetings Held	Meetings Attended	Date Resigned
Ms. Maemili Ramataboe (Chair)*	1 January 2019 and reappointed on 1 January 2022	11	11	N/A
Ms. Letlhogonolo Noge-Tungamirai	1 January 2019	11	11	N/A
Adv. Iqbal Motala *	1 January 2019	11	11	N/A
Adv. Mthokozisi Xulu	1 January 2022	4	4	N/A
Mr. Donovan Goliath	1 January 2022	4	2	N/A

* Ms. Maemili Ramataboe (Chair)* was serving in the previous Board since 2019 and she was reappointed on the new Board.

** Adv. Motala was co-opted as an independent expert by the previous Board. He was not a Non-Executive Director.

Audit and Risk Committee responsibility

The Committee reports that it has adopted formal Terms of Reference and that it has complied with its responsibilities as set out in the Terms of Reference and has discharged all its duties as contained therein.

The Committee has an objective independent role which consists of assisting the Board and Management in discharging oversight responsibilities relating to financial reporting and the audit process and related activities, the system of internal controls, risk management process and systems, IT governance and compliance with laws and regulations.

In the current reporting period, key activities were as follows:

- Reviewed the internal audit Plan as well as internal audit findings and related management's responses.

The Committee was satisfied with quality and content of internal Audit reports and have noted the progress made by management in resolving overdue internal audit findings.

- Approved the contract of the co-sourced internal audit partner and related work.
- Reviewed the scope of external Audit work and related findings and have also noted the progress made in implementing the Post Audit Action Plan and resolving AGSA findings, particularly the revenue collection finding which has been materially addressed.
- Reviewed Risk Management Policies, including Fraud and Prevention strategy, as well as the Risk Implementation plan and monitored progress thereto.
- Reviewed progress made in managing the risk profile of the organisation.

- Reviewed the Quarterly reports to the Department and monitored implementation of the Predetermined Objectives, and overall performance of the entity against the approved targets.
- Reviewed progress reports on Covid-19, and measures taken by management to mitigate against the effects of the pandemic.
- Reviewed the progress made in reviewing the IT governance policies, which were subsequently approved by the Board in the current period

Combined Assurance Process

The Committee ensured co-operation between the internal audit function and the external auditors in relation to the external auditors relying on work done by the internal audit for purposes of risk assessment in developing the audit plan. We are of the view that Combined Assurance process adds demonstrable value; and enhances the adequacy, reliability and accuracy of financial information provided by management to such other users of the information. The Committee has noted that CSOS still must implement combined assurance across the organisation, apart from the notable progress made by the independent assurance providers. It is expected that in the next period more effort will be made by management as the first line of assurance to establish an all-encompassing combined assurance framework and program that align with internal and external assurance. This can only add significant improvement to the internal control environment

The effectiveness of internal control and Internal Audit performance

During the year under review the internal control environment of the CSOS continued to improve increasing the probability of achievement of strategic objectives. The CAE and his team supported by out-sourced Internal Audit firm conducted audit reviews in line with approved Internal Audit Plan. Good progress was made this year towards resolving previous audit findings, particularly programs designed to facilitate collection of levies from unregistered schemes, allocation of receipts from schemes and billing of schemes. From the various reports of the internal auditors and the management, as well as audit reports of the Auditor General South Africa (AGSA) it was noted that there were material deficiencies in the system of internal controls in areas pertaining to Revenue Collection, Supply Chain Management and compliance with laws and regulations. The deficiency which is a result of the low rate of registrations by schemes across the provinces, was notably addressed through several initiatives designed to bring all schemes into the fold, as well as enforce levy collections and billing thereof. The Committee is satisfied with the material progress which has also contributed to the improvement of audit outcomes for the

reporting period. We believe more effort in this regard will be demonstrated in the ensuing financial period.

Based on the work of Internal Audit, the Committee was able to provide the internal control assurances and to engage with the Board on the way forward in strengthening the control environment. Discussions were held with Management to advise on identified weaknesses, for these to be closed proactively before they can have negative impact on the CSOS performance.

Enterprise Risk Management (ERM)

The Committee is responsible for the oversight of the CSOS's risk management systems and activities. In the current reporting period, the Committee reviewed the ERM policies and strategy. The Board participated in the annual risk assessment workshop in the prior year and continuous monitoring is being done to ensure that key risks are within the desired risk appetite. The review of the ERM structure is pending the finalisation of the Organisational Design project. The Committee expects that this required reform will enable CSOS to fully implement the established policies and integrate risk management in its activities across the organisation.

The Committee has reviewed the risk registers on a quarterly basis and has made recommendations for the improvement. Moreover, a culture of risk management needs to be inculcated and embedded in the daily activities of the CSOS to ensure effective enterprise-wide risk management. The Committee will monitor progress regarding this, in the following reporting period.

Compliance with Laws and Regulations

The Committee also considered previous and current Irregular Expenditure which awaits condonation from National Treasury. The Loss Control Committee has been established, and the Committee expects that the frameworks that have now been put in place will be implemented in the ensuing period, including consistent application of consequence Management, in order to enhance good governance, promote a positive organisational culture and compliance with the PFMA and other relevant laws and regulations. The Committee has also noted the slow progress with regard to the review of the organisational structure. It is expected that the new organisational design will be approved to generate improved performance in the next financial year.

Management and Monthly / Quarterly Reports

We can confirm that quarterly reports were submitted to the National Treasury and the Department. The Committee has continued to review and monitor the content and quality of these reports during the year under review as required by the PFMA.

Evaluation of Annual Financial Statements

The Committee has:

- reviewed and discussed the audited Annual Financial Statements to be included in the annual report, with the management, the Auditor General South Africa (AGSA) and the Accounting Authority;
- Reviewed compliance of the Annual Financial Statements with the Accounting Framework;
- reviewed the AGSA's management report and management's responses thereto;
- reviewed significant assumptions and judgments made by management including changes in accounting policies and practices;
- reviewed the entity's compliance with legal and regulatory provisions; and
- reviewed the information on predetermined objectives to be included in the annual report.

The Auditor General South Africa (AGSA)

The Committee reviewed the Engagement letter issued by the AGSA, as well as the Audit Strategy and related fees, and were satisfied with the scope of the Audit and identified key risks.

The Committee is pleased to report that it concurs fully with the AGSA report and Audit Opinion on the Annual Financial Statements. The Committee further recommends that the Audit Opinion be accepted and read together with the Audit Report.

The Annual Report 2021/2022

The Committee reports that it has read the information in the Annual Report and found it to be consistent with the Annual Financial Statements.



Maemili Ramataboe CA(L) MBA(UFS)
Chairperson of the Audit and Risk Committee

14. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

The CSOS has been audited for BBBEEE compliance in the past year and was unable to get a complaint status, however CSOS endeavours to comply organizationally in the 2022/23 financial year and committed to continuous improvement attain a BBBEE compliant status. To date, the CSOS has implemented a new supplier development program where we empower our service providers on issues of compliance and managed to spend 77.05% of the overall 2021/22 budget on B-BBEE level 1 and level 2 complaint companies.

The CSOS has a newly constituted Employment Equity Committee to investigate the issues of employee representation and compliance with WSP requirements and related BBBEE compliance components of HR.

The following table has been completed in accordance with the compliance to the BBBEE requirements of the BBBEE Act of 2013 and as determined by the Department of Trade, Industry and Competition. The CSOS is currently a non-compliant contributor to B-BBEE.

Has the Department / Public Entity applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with regards to the following:		
Criteria	Response Yes / No	Discussion (Include a discussion on your response and indicate what measures have been taken to comply)
Determining qualification criteria for the issuing of licences, concessions, or other authorisations in respect of economic activity in terms of any law?	No	CSOS is not in the business of issuing licenses or concessions.
Developing and implementing a preferential procurement policy?	Yes	The Supply Chain management policy was amended and approved in line with the current National Treasury Regulations and Instruction Notes.
Determining qualification criteria for the sale of state-owned enterprises?	No	We are not in process of selling the company.
Developing criteria for entering into partnerships with the private sector?	No	The nature of goods and services we procure have not warranted us to form partnership with the private sector. Should the need arise in future, we would be open to forming such partnerships.
Determining criteria for the awarding of incentives, grants, and investment schemes in support of Broad Based Black Economic Empowerment?	No	In terms of our procurement spend, there is a portion that we envisage to spend on designated groups. In some of our tenders it is mandatory for companies to partner with QSE/EME. Furthermore, we plan on participating in supplier development programmes.

The CSOS has been audited for BBBEEE compliance in the past year and was unable to get a complaint status, however CSOS endeavours to comply organizationally in the 2022/23 financial year and committed to continuous improvement attain a BBBEE compliant status. To date, the CSOS has implemented a new supplier development program where we empower our service providers on issues of compliance and managed to spend 77.05% of the overall 2021/22 budget on B-BBEE level 1 and level 2 complaint companies.

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PART D
HUMAN RESOURCE
MANAGEMENT

1. INTRODUCTION

1.1 The Human Resources department implemented its Human Resources Operational Plan (HROP) for the 2021-2022 financial year, which included the following Human Resources Management priorities:

- 1.1.1. Vacancy rate reduction
- 1.1.2. Leave Management
- 1.1.3. Staff Induction
- 1.1.4. Talent Management
- 1.1.5. Employee Engagement surveys
- 1.1.6. Employment Equity
- 1.1.7. Employee wellness
- 1.1.8. Policy development and implementation
- 1.1.9. Employee relations
- 1.1.10. Human resources training and development
- 1.1.11. Internship Management
- 1.1.12. Employee Performance Management
- 1.1.13. Human Resources Policy Development

2. OVERVIEW OF HUMAN RESOURCES

2.1 THE STATUS OF HUMAN RESOURCES IN THE ENTITY

The Human Resources business unit is governed, but not limited by the following legislation:

- 2.1.1. Labour Relations Act (LRA)
- 2.1.2. Basic Conditions of Employment Act (BCEA)
- 2.1.3. Skills Development Act
- 2.1.4. Employment Equity Act

2.2. The Human Resources' mandate is to provide service excellence and support the CSOS' functions by attracting and retaining suitably qualified individuals who will add value to the organisation.

2.3. Its objective is to support the CSOS' strategic goals through creating learning opportunities, empowerment, flexibility, support, and rewards whilst developing a culture of high performance through the application of processes, best practices, and skills across the CSOS.

2.4. The Human Resources department also aims to create a sustainable organisation and business continuity through structured succession planning and ensuring that employees are supported, trained, and equipped to occupy all positions.

2.5. By doing so, it strengthens the human resource capability to fulfil its roles as a strategic partner, creating intellectual capital and administrative expertise.

2.8. A Human Resource Plan (HRP) is adopted as a tool to ensure that all the employees' needs are identified on time and are adequately addressed to enable optimum achievement of the CSOS' strategic objectives.

2.7. During the past year, the Human Resources department focused mainly on the continuous recruitment drive in order to capacitate the various business units within the CSOS.

2.8. Because of the Covid-19 pandemic, most of the recruitment was conducted virtually.

2.9. Further objectives of the Human Resources business unit include:

2.9.1. To support the CSOS strategic goals through creating learning opportunities, empowerment, flexibility, support, and rewards.

2.9.2. To develop a culture of high performance through the application of rigorous tools, best practices, provision of relevant techniques and skills and mobilisation of energy across the organisation.

2.9.3. To review all HR policies and procedures and ensure that they are user-friendly, legally compliant, reflect best practice and satisfy current and future operational needs.

2.9.4. To implement effective performance management measurement tools in order to improve standards of delivery and formally address poor standards of performance.

3. THE STATUS OF HUMAN RESOURCES AT THE CSOS

3.1. The CSOS recognises that attracting and retaining talented, skilled, and suitably qualified employees is a pre-requisite for achieving business growth and for meeting its strategic goals and fulfilling its mandate.

3.2. The Human Resources department aimed to decrease the staff vacancy rate every quarter dependant on the finalisation and implementation of the organisational redesign project which unfortunately did not come to fruition in the 2021/22 financial year but overran into the new year. To this end, the total staff complement as at the end of the 2021/22 financial year was:

Period	PERMANENT	INTERNS	TEMPS	TOTAL	Vacancy rate
Q1 (2021/22)	121	23	12	156	39%
Q2 (2021/22)	126	20	9	155	36%
Q3 (2021/22)	126	6	20	152	36%
Q4 (2021/22)	125	22	21	168	37%

The 2022/23 financial year commenced with a headcount complement of one hundred and fifteen (115) permanent, twenty-three (23) interns and fourteen (14) temporary staff.

3.4 With the prioritisation of filling vacant positions in the 2022/23 financial year, 23 permanent positions were filled. Furthermore, by understanding the talent and capabilities the CSOS has, the HR Department appropriately matched these to critical roles in the organisation, thereby maximising employee potential and achieving our strategic goals.

3.7 The Chief Ombud and Chief Financial Officer positions were filled in the 2021/22 financial year, thus closing the longstanding gap at executive level

3.8 The CSOS has a voluntary turnover rate of 32%, which is a high percentage since the optimal functional voluntary employee turnover rate for organisations in South Africa was calculated to be between 14% and 19%. According to a 2016 Compensation Force study, the average total turnover for all industries is 17.8 percent. However, the high turnover percent is a result of having more internship programmes and temporary employees whose contracts expired during the year under review.

3.8 There were fifty (50) terminations within 2021-22; out of the 50, eleven (11) were permanent positions, twenty (20) were temporary positions and nineteen (19) were from the internship programme.

4. HUMAN RESOURCE PRIORITIES FOR THE YEAR UNDER REVIEW AND THEIR IMPACT

To plan and implement the Organisational Redesign Project.

4.2. To secure the right quantity and quality of staff by filling prioritised vacant and funded posts. This is as guided by the finalisation of the Organisational redesign project, the approved organisational structure as well as the 2021/22 Recruitment Plan.

4.3. To ensure the effective HR Training and Development Programme, in line with the approved Training Plan.

4.4. To implement the CSOS' Employee Performance Management System (EPMS).

4.5. To ensure sound employee relations.

4.6. As part of enhancing our compliance regime, we achieved registration with Compensation for Occupational Injuries and Diseases Commission during the year under review, a matter of significant non-compliance in the past reporting periods.

5. WORKFORCE PLANNING AND KEY STRATEGIES TO ATTRACT AND RECRUIT A SKILLED AND CAPABLE WORKFORCE

5.1. Putting careful thought and consideration into the (future) skills of the CSOS workforce is a very important function within the HR business unit.

5.2. The objective under this strategy is to recognise the priority the CSOS places on the recruitment and retention of high-quality staff and the need to offer comprehensive salaries and an attractive environment to be able to achieve its strategic objectives. It is, therefore, clear that the CSOS must continue to seek out the right calibre of employee to remain competitive.

5.3. Key focus was placed on the employees already on board, the ones that needed further development as well as the employees who still needed to be onboarded.

5.4. The Human Resources Department also aims to create a sustainable organisation and business continuity, through structured succession planning and ensuring that employees are supported, trained, and equipped to occupy all positions. By doing so, it strengthens the human resource capability to fulfil its roles as a strategic partner, creating intellectual capital and administrative expertise.

5.5. Priority was given to the recruitment and retention of high-quality staff and the organisational redesign project.

5.6. Furthermore, efforts to offer competitive/market related salaries were made, hence the appointment of a service provider to re-grade all the positions on the approved structure after the organisational redesign project has been completed for updated salary scales to guide the remuneration of each position.

5.7. This project strives to have an attractive environment, to be able to achieve the CSOS' strategic objectives as well as to ensure the retention of existing staff.

5.8. To seek out the right calibre of employee and to remain competitive, the HR department ensured that all the preferred candidates met the minimum requirements for the role by conducting qualification as well as reference checks on the shortlisted candidates. Furthermore, the shortlisted candidates for senior positions, were sent for competency assessments to ensure a good fit for the roles.

6. HUMAN RESOURCES TRAINING AND DEVELOPMENT

The Entity has been building its own capacity and filling key strategic positions since its inception. Training and development are the key components of the CSOS' employee's value proposition. The Training and Development policy as well as the Bursary policy were developed to ensure the effective development of employees. Fifteen (15) Bursaries were awarded to employees of the CSOS during the 2021/22 financial year.

A Training Plan was approved for the 2021/22 financial year and the total number of approved trainings on the annual training plan for the financial year of 2021/22 is fifty-eight (58). Twelve (12) employees attended the Program in Advanced Labour Law. The said employees are union and employer representatives in the Bargaining forum. The short course is for a period of six months

7. INTERNSHIP MANAGEMENT

In line with the national effort to broaden skills development as prescribed in the Skills Development Act of 1998, the CSOS has a successful internship

programme which assists young South Africans to contribute to the advancement of the organisation. The CSOS had a total of seventeen (17) Interns as of the 31st of March 2022.

8. POLICY DEVELOPMENT

8.1 The Human Resources Department continuously updates its policies to ensure alignment to the current labour legislation and to accommodate the ever-evolving CSOS' operations.

8.2 The following policies were reviewed and approved by the Board in Q4:

8.2.1 Bursary Policy

8.2.2 Code of Conduct Policy

8.2.3 Performance Management Policy

9. EMPLOYEE WELLNESS

A safe and healthy workplace is critical for an organisation. To this fact, an Occupational Health and Safety policy was developed and approved.

9.2. An employee wellness programme event was planned to be completed in Q3 of 2021/22, however the COVID-19 pandemic fourth wave affected the planned event as such the event was not to be fully implemented. A vaccination awareness session was prompted to manage the rising infections of COVID-19 within South Africa and the organisation.

9.3. The employee wellness programme will be kickstarted and implemented in Q1 2022/23.

9.4. Employees are urged to consult with the service provider on any matters affecting their wellbeing. In addition, awareness information is sent to employees on various subjects that inform employees on how to improve overall mental and physical wellbeing.

10. ACHIEVEMENTS AND CHALLENGES FACED BY THE HUMAN RESOURCES DEPARTMENT

- 10.1. The filling of the CEO and CFO positions.
- 10.2. The relocation of offices from Sandton to Centurion when staff started returning to work.
- 10.3. The awarding of bursaries to qualifying employees.
- 10.4. Establishment of an internship programme, which is a recruitment tool that ensures an ongoing pipeline of future full-time employees. Furthermore, the programme supports graduates in gaining experience, developing skills, making connections in the workspace, strengthening their CVs as well as assessing their interests and abilities.
- 10.5. The appointment of a service provider to conduct employee vetting for the CSOS.
- 10.6. The Board approved seven (7) policies which were communicated to the Entity
- 10.7. The commencement of the Organizational Design process and progress thereof.

Challenges

- 10.7. Ensuring that the CSOS' salaries are comparable with the job market; and, within the job bands of the Paterson job evaluation system whilst ensuring market-related salaries. This will however be corrected with the finalisation of the organisational structure revision and the grading of all the positions on the new structure.
- 10.8. Having employees who were Covid-19 positive which necessitated the temporary shutdown of some offices.
- 10.9. The appointment and withdrawal of a service provider to conduct employee vetting causing delays of recruitment processes.

11. FUTURE HUMAN RESOURCE PLANS/GOALS

- 11.1. To finalise and implement the organisational redesign and salary parity.
- 11.2. Alignment of the CSOS' organisational structure to its mandate by effecting the revision thereof.

- 11.3. The grading of all the positions on the revised structure and to benchmark the CSOS salaries with similar entities as well as with the Market.
- 11.4. Priority will be given to advertising and filling of the critical positions to achieve the CSOS' objectives.

12. HUMAN RESOURCES OVERSIGHT STATISTICS

Personnel Cost by programme/activity/objective

Programme/activity/objective	Total Expenditure for the entity (R'000)	Personnel Expenditure (R'000)	Personnel exp. as a % of total exp. (R'000)	No. of employees	Average personnel cost per employee (R'000)
Office of the Chief Ombud	R3 661 845,41	R3 661 845,41	100%	2	R1 830 922,70
Adjudicator General	R3 456 391,92	R3 456 391,92	100%	4	R864 097,98
Company Secretary	R2 550 915,35	R2 550 915,35	100%	4	R637 728,83
Corporate Services	R12 073 798,38	R11 982 679,38	99.24%	28	R427 952,83
Finance	R12 046 882,26	R12 046 882,26	100%	24	R501 953,42
Governance, Compliance and Enforcement	R6 822 067,54	R6 822 067,54	100%	20	R341 103,37
Internal Audit	R3 155 375,92	R3 155 375,92	100%	5	R631 075,18
ICT	R5 723 932,48	R5 723 932,48	100%	10	R572 393,24
Risk	R89 690,83	R89 690,83	100%	2	R29 896,94
Strategy, Planning, Monitoring and Evaluation	R1 617 003,46	R1 607 137,46	99.39%	3	R535 712,48
Supply Chain Management	R3 634 946,08	R3 579 841,08	98.5%	13	R275 372,39
Dispute (GP; KZN; WC; PE; BFN)	R37 360 319,07	R37 304 671,07	99.85%	66	R565 222,28
Interns	R1 362 280,15	R1 362 280,15	100%	45	R30 272,89

Personnel cost by salary band

Level	Personnel Expenditure (R'000)	% of personnel exp. to total personnel cost (R'000)	No. of employees	Average personnel cost per employee (R'000)
F	R2 999 592,04	3.32%	1	R2 999 592,04
E1 – E4	R 14 400 286,31	15.93%	10	R1 440 028,63
D1 – D5	R43 242 456,33	47,83%	62	R697 458,97
C1 – C5	R17 175 728,47	19.00%	46	R373 385,40
B2 – B5	R12 588 440,01	13,92%	60	R209 807,33
A2 – A3	0	0.00%	0	0
TOTAL	R90 406 503,16	100%	179	R604 054,47

Performance Rewards

No performance bonuses were paid during the year under review. The Board felt that it would not be justifiable to pay bonuses when the organizational performance stood at 60%.

Programme/activity/objective	Performance rewards	Personnel Expenditure (R'000)	% of performance rewards to total personnel cost (R'000)
Top Management	R0.00	R0.00	0
Senior Management	R0.00	R0.00	0
Professional qualified	R0.00	R0.00	0
Skilled	R0.00	R0.00	0
Semi-skilled	R0.00	R0.00	0
Unskilled	R0.00	R0.00	0
TOTAL	R0.00	R0.00	0

Training Costs

The table below shows training costs per Division.

Programme/activity/objective	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Training Expenditure as a % of Personnel Cost.	No. of employees trained	Average training cost per employee
Corporate Services	R11 982 679	R91 119	0,76%	8	R11 389.87
Planning and Strategy	R1 607 137	R9 866	0,61%	1	R9 866
Internal Audit	R3 155 375	R55 105	0,01%	4	R13 776
Supply Chain	R3 579 841	R55 648	1,74%	8	R6 956
Dispute (GP, KZN & WC)	37 304 671	R92 862	0,24%	8	R11 607

Employment and vacancies

The table below illustrates the number of employees in each Patterson Band as well as the number of additional positions filled in each band during the year under review.

Programme/activity/objective	2021/2022 No. of Employees	20YY/20ZZ Approved Posts	20YY/20ZZ No. of Employees	20YY/20ZZ Vacancies	% of vacancies
A2-A3	N/A				
B2-B5	38	5			
C1-C5	26	12			
D1-D5	52	12			
E1-E4	8	2			
F1	1				
TOTAL	125	31			

Employment changes

The table below illustrates the number of people appointed and terminated at each level of the organisation during the year under review as well as the balance.

Salary Band	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top Management	9	2	2	9
Senior Management	13	3	2	14
Professional qualified	30	17	6	41
Skilled	47	29	22	54
Semi-skilled	23	4	3	24
Interns	23	20	19	24
Total	145	75	54	166

Reasons for staff leaving

The table below illustrates the total number of people who left the organisation and their reasons for leaving during the year under review.

Reason	Number	% of total no. of staff leaving
Death	1	2%
Resignation	20	40%
Dismissal	1	2%
Retirement	1	2%
Ill health	0	0%
Expiry of contract	27	54%
Other	0	0%
Total	50	100%

The positions that become vacant after employees leave their positions are filled within the prescripts of the Talent Acquisition and Onboarding Policy.

Labour Relations: Misconduct and disciplinary action

Nature of disciplinary Action	Number
Verbal Warning	1
Written Warning	4
Final Written warning	2
Dismissal	1
Total	8

Equity Target and Employment Equity Status

The below tables show the breakdowns of Employment Equity in terms of gender, race, and disability.

Levels	MALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	4	N/A	0	N/A	2	N/A	0	N/A
Senior Management	3	N/A	0	N/A	0	N/A	0	N/A
Professional qualified	13	N/A	3	N/A	0	N/A	2	N/A
Skilled	24	N/A	0	N/A	1	N/A	0	N/A
Semi-skilled	2	N/A	0	N/A	0	N/A	0	N/A
Interns	6	N/A	1	N/A	0	N/A	0	N/A
TOTAL	52	N/A	4	N/A	3	N/A	2	N/A

Levels	FEMALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	2	N/A	0	N/A	0	N/A	0	N/A
Senior Management	7	N/A	0	N/A	0	N/A	2	N/A
Professional qualified	18	N/A	2	N/A	2	N/A	2	N/A
Skilled	39	N/A	1	N/A	3	N/A	2	N/A
Semi-skilled	12	N/A	0	N/A	0	N/A	0	N/A
Intern	15	N/A	0	N/A	0	N/A	0	N/A
TOTAL	93	N/A	3	N/A	5	N/A	6	N/A

Levels	Disabled Staff				
	Male			Female	
	Current	Target	Current	Target	
Top Management	0	N/A	0	N/A	
Senior Management	0	N/A	0	N/A	
Professional qualified	0	N/A	0	N/A	
Skilled	0	N/A	0	N/A	
Semi-skilled	0	N/A	0	N/A	
Unskilled	0	N/A	0	N/A	
TOTAL	0	N/A	0	N/A	



PART E
ANNUAL FINANCIAL
STATEMENTS

For the year ended 31 March 2022

Report of the auditor-general to Parliament on Community Schemes Ombud Service

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Community Schemes Ombud Service set out on pages 89 to 133, which comprise the statement of financial position as at 31 March 2022, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Community Schemes Ombud Service as at 31 March 2022, and its financial performance and cash flows for the year then ended in accordance the Standards of Generally Recognised Accounting Practice (Standard of GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of my report.
4. I am independent of the public entity in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matter

6. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Restatement of corresponding figures

7. As disclosed in note 34 to the financial statements, the corresponding figures for 31 March 2021 were restated as a result of an error in the financial statements of the public entity at, and for the year ended, 31 March 2022.

Responsibilities of the accounting authority for the financial statements

8. The board of directors, which constitutes the accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with Standard of GRAP and the requirements of the PFMA and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
9. In preparing the financial statements, the accounting authority is responsible for assessing the public entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the public entity or to cease operations, or has no realistic alternative but to do so.

Auditor-general's responsibilities for the audit of the financial statements

10. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of financial statements.
11. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

Introduction and scope

1. In accordance with the Public Audit Act of South Africa 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected programme presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
2. My procedures address the usefulness and reliability of the reported performance information, which must be based on the approved performance planning documents of the public entity. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the public entity enabled service delivery. My procedures also do not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
3. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting

framework, as defined in the general notice, for the following selected programme presented in the annual performance report of the public entity for the year ended 31 March 2022.

Programmes	Pages in the annual performance report
Programme 2 – Regulations	41-46

1. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
2. I did not identify any material findings on the usefulness and reliability of the reported performance information for programme:
 - Programme 2 - Regulations

Other matters

3. I draw attention to the matters below.

Achievement of planned targets

4. Refer to the annual performance report on pages 41 to 46 for information on the achievement of planned targets for the year and management's explanations provided for the under/over achievement of targets.

Adjustment of material misstatements

5. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of programme 02- Regulations. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

Report on the audit of compliance with legislation

Introduction and scope

6. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the public entity's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
7. The material findings on compliance with specific matters in key legislation are as follows:

Annual Financial Statements

8. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework as required by section 55(1) (b) of the PFMA. Material misstatements of current assets, revenue, expenditure, and disclosure items identified by the auditors in the submitted financial statement were corrected resulting in the financial statements receiving an unqualified audit opinion.

Expenditure management

9. Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R 9 353 500 as disclosed in note 39 to the annual financial statements, as required by section 51(1) (b) (ii) of the PFMA. The majority of the irregular expenditure was due to expenditure incurred in relation to the procurement for rental of the office space. The supplier that did not meet some of the qualifying criteria was appointed. Further, the contract was not signed with the winning supplier, but with a supplier that did not go through the procurement process.
10. Effective steps were not taken to prevent fruitless and wasteful expenditure amounting to R443 884, as disclosed in note 39 to the annual financial statements, as required by section 51(1) (b) (ii) of the PFMA. The majority of the fruitless and wasteful expenditure was caused by repayment of legal fees.

Consequence management

11. We were unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred fruitless and wasteful expenditure as required by section 51(1) (e) (iii) of the PFMA. This was due to proper and complete records that were not maintained as evidence to support the investigations into irregular expenditure, fruitless and wasteful expenditure.
12. Disciplinary steps were not taken against some of the officials who had permitted irregular expenditure, as required by section 51(1)(e)(iii) of the PFMA.

Other information

13. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported on in the auditor's report.
14. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.
15. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programme presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

16. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

17. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on compliance with legislation included in this report.

18. Management did not adequately prepare accurate and complete financial statements that are supported and evidenced by reliable information.

19. Management did not review and monitor compliance with applicable law and regulation which has resulted in material non-compliance with key legislation.

Auditor-General

Pretoria

30 July 2022



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general's responsibility for the audit

- 1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected programme and on the public entity's compliance with respect to the selected subject matters.**

Financial statements

- 2. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:**
 - identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control**
 - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the public entity's internal control**
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors, which constitutes the accounting authority.**
 - conclude on the appropriateness of the accounting authority's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the Community Schemes Ombud Service to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a public entity to cease operating as a going concern**
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation**

Communication with those charged with governance

- 3. I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.**

4. I also provide the accounting authority with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

**COMMUNITY SCHEMES OMBUD SERVICE
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022**

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**COMMUNITY SCHEMES OMBUD SERVICE
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022**

GENERAL INFORMATION

Country of Incorporation and Domicile	South Africa
Nature of Business and Principal Activities	Regulatory authority of all community schemes in South Africa.
Non-executive Directors	Ms. M.P. Mthethwa (Chairperson) Mr. D.V. Goliath (Deputy Chairperson) Ms. M. Ramataboe Mr. S. Rakolote Ms. D. Subbiah Adv. M.D. Xulu Ms. N. Shandu-Sithole
Executive Directors	Adv. B. Mkhize (Chief Ombud) Ms. T. Mbatia CA(SA) (Chief Financial Officer)
Registered Office	Berkley Office Park 8 Bauhinia Street Highveld Techno Park Centurion 0169
Controlling Entity	National Department of Human Settlements
Bankers	First National Bank Corporation for Public Deposits (CPD)
Auditors	Auditor-General South Africa (AGSA)
Company Secretary	Vacant The company secretary of the entity Adv. R. Maruma resigned on the 31 December 2021.

**COMMUNITY SCHEMES OMBUD SERVICE
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022**

ACCOUNTING AUTHORITY'S RESPONSIBILITIES AND APPROVAL

The accounting authority is required by the Public Finance Management Act (Act 1 of 1999), to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is its responsibility to ensure that the annual financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended.

The external auditors are engaged to express an independent opinion on the audited annual financial statements and were given unrestricted access to all financial records and related data. The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting authority acknowledges to be ultimately responsible for the system of internal financial control established by the entity and places considerable importance on maintaining a strong control environment. To enable the members to meet these responsibilities, the accounting authority sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the entity and all employees are required to maintain the highest ethical standards in ensuring the entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting authority is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting authority has reviewed the entity's cash flow forecast for the year to 31 March 2023 and, in the light of this review and the current financial position, they are satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The entity is largely dependent on self generated income for continued funding of operations. The annual financial statements are prepared on the basis that the entity is a going concern and that the entity has neither the intention nor the need to liquidate or curtail materially the scale of the entity.

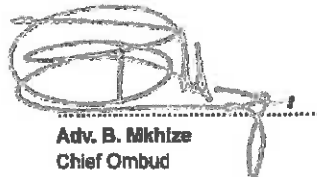
Although the accounting authority is primarily responsible for the financial affairs of the entity, they are supported by the entity's external auditors.

The external auditors are responsible for independently reviewing and reporting on the entity's annual financial statements. The annual financial statements have been examined by the entity's external auditors and their report is presented on page 7.

The annual financial statements set out on page 8 to 46, which have been prepared on the going concern basis, were approved by the accounting authority on 31 July 2022 and were signed on its behalf by:



Mrs. M.P. Mithethwa
Chairperson



Adv. B. Mkhize
Chief Ombud

**COMMUNITY SCHEMES OMBUD SERVICE
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022**

ACCOUNTING AUTHORITY'S REPORT

The members submit their report for the year ended 31 March 2022.

1. Review of Activities

Main Business and Operations

The Community Schemes Ombud Service (CSOS) was established in terms of the Community Schemes Ombud Service (CSOS), Act 9 of 2011 (CSOS Act), to regulate the conduct of parties within community schemes and to ensure good governance.

It is the organisation's strategic intent to meaningfully contribute to the achievement of the 2030 human settlements vision through the enhancement of vibrant community schemes as an alternative tenure option for most citizens in the country. This is evident in our strategic objectives which are:

- To Regulate all Community Schemes within South Africa;
- To control and provide quality assurance of Community Schemes Governance Documentation;
- To provide a Dispute Resolution Service for Community Schemes;
- Provide stakeholder training, consumer education and awareness for property owners, occupiers and other stakeholders in Community Schemes; and
- To ensure that the CSOS is an effective and sustainable organisation.

Since the establishment of the CSOS, the entity has made great strides in creating an environment that can deliver on its mandate. Ultimately the ability to meet the entity's objectives is the responsibility of the board, management, staff and all our key partners and stakeholders within community schemes.

2. Accounting Authority

The members of the entity during the year under review are as follows:

Name	Appointment	Resignation
Mr. M. Tyanzashie (Chairperson)	Appointed 1 January 2019	30 November 2021
Ms. M. Ramataboe (Deputy Chairperson)	Appointed 1 January 2019	31 December 2021
Ms. B. Zulu	Appointed 1 January 2019	3 September 2020
Mr. T. Holmes	Re-appointed 1 January 2019	31 December 2021
Mr. R. Jock	Re-appointed 1 January 2019	24 August 2020
Ms. A. Olifant	Appointed 1 January 2019	31 December 2021
Ms. L. Noge-Tungamirai	Appointed 1 January 2019	31 December 2021
Ms. M.P. Mithethwa (Chairperson)	Appointed 1 December 2021	
Mr. D.V. Gollath (Deputy Chairperson)	Appointed 1 January 2022	
Ms. M. Ramataboe	Re-appointed 1 January 2022	
Mr. S. Rakolote	Appointed 1 January 2022	
Ms. D. Subbiah	Appointed 1 January 2022	13 April 2022
Adv. M.D. Xulu	Appointed 1 January 2022	
Ms. N. Shandu-Sithole	Appointed 1 January 2022	

3. Company Secretary

The company secretary of the entity Adv. R. Maruma resigned on the 31 December 2021.

Business address
Berkeley Office Park
8 Bauhinia Street
Highveld Techno Park
Centurion
0169

The company secretary position of the entity is yet to be filled. No interim company secretary has been appointed as at year end.

4. Going Concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realization of assets and settlement of liabilities, contingent obligations, and commitments will occur in the ordinary course of business.

The CSOS' main income stream is the levies that are received from the community schemes, payable in terms of section 59 of the CSOS Act. Furthermore, the CSOS receives a grant from the Department of Human Settlements, Water, and Sanitation and it generates interest through its investments. The funds generated from levies, the grant, and the interest, are available to finance future operations and the settlement of liabilities.

COVID-19

The SA Government had declared a National State of Disaster the spread of the Corona Virus (COVID-19) followed by a lock-down on 26 March 2020 that enforced various measures that lead to reduced business activity across the globe. During the year under review, the lock-down restrictions were eased and since uplifted post year end on the 4th of April 2022. The impacts to the CSOS included the unfavorable interest rates from the local banks which impacted our interest income from operations with minimal impact on staff and remote working conditions. The continued roll-out of the COVID-19 vaccination program by the SA Government provides the CSOS with optimism that the adverse effects of the COVID-19 pandemic will be curbed in the near future.

5. Irregular, Fruitless and Wasteful Expenditure

Irregular, fruitless and wasteful expenditures incurred for the period under review are disclosed in notes 39.1 and 39.2 of these annual financial statements.

6. Other Significant Matters

VBS Update

In the past CSOS was advised by the Directorate for Priority Crimes Investigation (DPCI), known as the "Hawks" that the investigation has been concluded in respect of the CSOS investment and it revealed the movement of monies and persons involved. The CSOS is yet to access the actual report and consider options for the possible recovery of the monies lost. The CSOS has since listed as part of the creditors for the liquidation processes to unfold, not much has happened in that regard.

**COMMUNITY SCHEMES OMBUD SERVICE
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022**

AUDITOR-GENERAL'S REPORT

- THESE FINANCIAL STATEMENTS HAVE NOT YET BEEN AUDITED -

COMMUNITY SCHEMES OMBUD SERVICE
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2022

	Note	2022 R	2021 R
ASSETS			
Current Assets		482,146,412	281,247,862
Receivables from Exchange Transactions	31.	523,256	995,265
Statutory Receivables from Non-exchange Transactions	32.	97,627,593	36,210,385
Prepaid Expenses	33.	6,192,501	5,998,513
Cash and Cash Equivalents	34.	357,803,062	238,043,699
Non-Current Assets		18,123,784	8,017,904
Property, Plant and Equipment	3.	8,745,625	5,822,341
Intangible Assets	4.	8,745,194	1,181,828
Other Receivables - Rental deposits	6.	632,965	1,013,735
Total Assets		480,270,196	289,265,766
LIABILITIES			
Current Liabilities		138,647,893	74,690,332
Payables from Exchange Transactions	8.	16,758,304	3,422,396
Operating Lease Liabilities	9.	2,320,519	1,025,297
Revenue Received in Advance	10.	115,011,449	66,204,655
Provisions	11.	4,557,621	4,037,984
Total Liabilities		138,647,893	74,690,332
NET ASSETS		341,622,303	214,575,434
Accumulated Surplus	7	341,622,303	214,575,434
Total Net Assets and Liabilities		480,270,196	289,265,766

**COMMUNITY SCHEMES OMBUD SERVICE
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022**

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2022

	Note	2022 R	2021 R
REVENUE			
Revenue from Non-exchange Transactions			
Government Grants and Subsidies Received	12.	24,022,000	23,597,000
Levies	13.	262,306,242	182,487,715
Revenue from Exchange Transactions			
Interest received	14.	5,924,109	6,089,365
Other Revenue	15.	594,833	465,461
Total Revenue		<u>292,847,184</u>	<u>212,639,541</u>
EXPENDITURE			
Employee & Emoluments Related Costs	16.	99,265,008	84,910,735
Depreciation and Amortisation	17.	1,935,590	1,683,135
Auditors' Remuneration	18.	3,497,259	2,559,942
Contracted Services	19.	19,904,532	4,344,748
Finance Costs	20.	23,000	355,441
License Fees	21.	9,666,959	3,972,855
Marketing Expenses	22.	5,962,802	8,946,756
Office Expenses	23.	1,631,790	1,097,917
Operating Lease Expense	24.	9,784,631	5,887,046
Recruitment Expenses	25.	1,611,397	32,080
Telephone and Internet Costs	26.	4,070,535	3,244,519
Training and Staff Development	27.	1,327,316	757,348
Travel and Accommodation	28.	2,358,327	171,503
General Expenses	29.	4,390,404	2,926,770
Loss on Disposal of Property, Plant and Equipment	30.	370,765	162,234
Total Expenditure		<u>165,800,315</u>	<u>121,053,029</u>
Surplus for the year		<u>127,046,869</u>	<u>91,586,512</u>

**COMMUNITY SCHEMES OMBUD SERVICE
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022**

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 31 MARCH 2022

Description	Accumulated Surplus / (Deficit)	Total
	R	R
Balance at 31 March 2020	226,788,922	226,788,922
Changes in Net Assets		
Surplus for the Period	91,556,335	91,556,335
Transfer of Prior Year Surplus (*)	(103,800,000)	(103,800,000)
	214,545,257	214,545,257
Balance at 31 March 2021		
Changes in Net Assets 2022		
Correction of Error (Note 36)	30,177	30,177
	214,575,434	214,575,434
Restated Balance at 31 March 2021		
Surplus for the year	127,046,869	127,046,869
Transfer of Prior Year Surplus (Funds are not yet paid to NT) (**)	-	-
	341,622,303	341,622,303
Balance at 31 March 2022		

Details on the movement of the Funds and Reserves are set out in Note 30.

(*) This relates to the unspent surplus for 2019/20 financial year which was paid to National Treasury in the 2020/21 financial year.

(**) This relates to the unspent surplus for 2020/21 financial year which was not yet paid to National Treasury in the 2021/22 financial year.

COMMUNITY SCHEMES OMBUD SERVICE
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

CASH FLOW STATEMENT AS AT 31 MARCH 2022

	Note	2022 R	2021 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		279,936,873	262,493,621
Government Grant and Subsidies		24,022,000	23,597,000
Levies	13.	249,695,828	232,598,290
Interest Received	14.	5,624,212	5,832,870
Other Revenue	15.	594,833	465,461
Payments		(147,765,277)	(125,828,363)
Employee Related Costs		(98,745,371)	(83,363,887)
Interest Paid		(23,000)	(355,441)
Suppliers		(48,996,906)	(42,109,035)
NET CASH FLOWS FROM OPERATING ACTIVITIES	38.	132,171,596	136,665,258
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	3.	(5,083,563)	(3,466,506)
Purchase of Intangible Assets	4.	(7,709,439)	(747,500)
Decrease / (Increase) in Long-term Receivables		380,770	(402,500)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(12,412,232)	(4,616,506)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from Borrowings		-	-
Transfer of prior year surplus		-	(103,800,000)
		-	(103,800,000)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		119,759,363	28,248,752
Cash and Cash Equivalents at Beginning of Period	34.	238,043,699	209,794,947
Cash and Cash Equivalents at end of Period	34.	357,803,062	238,043,699

**COMMUNITY SCHEMES OMBUD SERVICE
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022**

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 31 MARCH 2022

Description	Approved Total	Budget	Final Budget	Actual Income/	Expenditure	Total Variance	Actual	Actual Outcome	Reference Final Budget 10% Variance
	Budget	Adjustments	R	Expenditure	Variance		Outcome as % of Final Budget	as % of Original Budget	
	R	R	R	R	R	R	R	R	
FINANCIAL PERFORMANCE									
Revenue from Non-exchange Transactions									
Government Grants and Subsidies Received	24,022,000		24,022,000	24,022,000			100.00	100.00	
Levies Raised	239,399,000		239,399,000	262,306,242		22,908,242	109.57	109.57	
Surplus retention	27,799,575		27,799,575			(27,799,575)	0.00	0.00	
Revenue from Exchange Transactions									
Interest Earned	9,110,781		9,110,781	5,824,109		(3,188,852)	65.02	65.02	
Other Revenue	448,980		448,980	584,833		147,843	133.08	133.08	
Total Revenue	309 777 326		309 777 326	292 847 184		(17 930 142)	97.36	97.36	
Expenditure									
Employee Related Costs	129,882,861	6,808,418	136,699,279	98,265,008		(37,234,271)	72.72	74.54	
Depreciation and Amortisation	1,542,824	384,292	1,937,116	1,935,590		(1,826)	99.92	125.48	
Auditors Remuneration	2,000,000	750,000	2,750,000	3,487,259	747,259	747,259	127.17	174.88	4
Contracted Services	45,538,523	4,820,831	49,559,454	19,904,832		(29,654,622)	40.18	43.71	8
Finance Costs				23,000	23,000		0.00	0.00	
Licence Fees	19,711,050	(1,180,000)	18,531,050	9,688,959		(8,864,091)	52.17	49.04	8
Marketing Expenses	22,246,000	890,000	23,136,000	5,982,802		(17,173,198)	26.77	26.80	7
Office Expenses	3,283,333	(1,188,000)	2,095,333	1,631,700		(464,877)	77.83	60.00	8
Operating Lease Expense	9,185,900	250,000	9,435,900	9,784,831	349,831	349,831	103.71	106.53	
Recruitment Expenses	250,000	880,000	1,130,000	1,611,397	671,397	671,397	171.43	144.86	9
Telephone and Internet	1,608,000		1,608,000	4,070,535	2,462,535	2,462,535	253.14	253.14	10
Training and Staff Development	1,891,605	479,525	2,168,130	1,327,318		(840,814)	61.22	76.48	11
Travel and Accommodation	2,298,670	619,500	2,918,170	2,358,327		(559,843)	80.82	43.71	12
General Expenses	13,183,460	(574,000)	12,569,460	4,389,404		(8,188,056)	34.87	33.35	13
Loss on Disposal of Property, Plant and Equipment				370,765	370,765		0.00	0.00	
Total Expenditure	252 191 326	11 977 000	264 168 326	185 900 315	4 624 587	(98 368 011)	62.78	65.74	
Surplus/(Deficit) for the Year	48 586 000	(11,977,000)	36,609,000	127,046,869	(4,624,587)	80,437,869	347.04	281.46	

Financial Performance: Explanation of Variances between Final Approved Budget and Actual Expenditure

Reasons for Variances greater than 10% between Final Budget and Actual Amount on the various items disclosed in the Statement of Financial Performance are explained below :

1. Interest Earned: Below budget

The collection of interest income is below budget due to the pandemic, repo rate cuts by the South African Reserve Bank, therefore affecting the interest rates. The impacts included the unfavorable interest rates from the local banks which impacted our interest income collectable.

2. Other Revenue: Beyond Budget

CSOS has over-collected on other revenue. Included in this line item is the Dispute Resolution Income that was waived in Q4, however, the annual target and collection had already been far exceeded due to a huge number of disputes lodged.

3. Employee related cost: Below Budget

There was underspending on staff costs, this is due to the moratorium declared and positions that had to be motivated were filled resulting in under-spending on employee-related costs that related to the moratorium declared and only positions that were motivated and in need were filled.

4. Auditors Remuneration: Beyond Budget

There is overspending on auditors' remuneration due to projects that are completed in the subsequent financial periods. This is both Internal and External Auditors Budget.

5. Contracted Services: Below budget

There was an underspending in the contracted service due to the data cleansing project that commenced late and non-finalisation of the PR and Marketing tender and BAS project that commenced late.

6. Licence Fees: Below budget

There is underspending on licenses, as some of the licences expire in the subsequent quarter.

7. Marketing Expenses: Below Budget

There was under-spend in marketing expenditure. The tender for the marketing campaign commenced late and we still had a prepayment balance from the GCIS contract, therefore expecting an increase in expenditure in the latter part of this contract.

8. Office Expenses: Below budget

Underspending of office expenses is due to an increase in the number of minor assets procured, not to the budgeted level. The underspending of General expenditures such as telephone and postage costs and Office supplies and expenses all increased at a reduced level and they contributed to reduced office expenses.

9. Recruitment Expenses: Beyond Budget

There is overspending on Recruitment Expenditure. The overspending is due to an increase in Temp staff appointments whilst finalizing the structure in the year under review.

10. Telephone and internet: Beyond Budget

Telephone and internet cost is over budget due to an increase in the number of telephones procured and an increase in internet usage as employees are working from home and on rotation bases.

11. Training and Staff development: Below Budget

There is an underspending on training and staff development due to trainings held virtually.

12. Travel and Accommodation: Below Budget

Travel and Accommodation expenses under-budget due to travel restrictions.

13. General Expenses: Below Budget

There was an underspending in the General and Admin expenses. The majority of the actual expenditure relates to Professional and Legal fees. This is due to the Data cleansing project for the Governance Unit and an increase in the Procurement of Legal Services. Overspending of General Expenditures such as Telephone and Postage costs and Office supplies and expenses was due to an increase in the number of Telephones as staff members increased and minor assets procured.

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

CSOS is established in terms of Community Schemes Ombud Services Act 9 of 2011, and is classified as a Schedule 3A entity in terms of the Public Finance Management Act (Act 1 of 1999). The audited annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act (Act 1 of 1999).

These audited annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these audited annual financial statements, are disclosed below.

1.1 Significant judgements and sources of estimation uncertainty

In preparing the audited annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the audited annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the audited annual financial statements. Significant judgements include:

Impairment of non-financial assets

The entity assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Indefinite life intangibles are tested for impairment annually and other times when such indicators exist. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management estimates the expected future cash flows from the asset or cash generating unit and chooses a suitable discount rate in order to calculate the present value of those cash flows.

Useful lives and Residual values

The useful lives and residual values of property, plant and equipment are reviewed at each balance sheet date. These useful lives are estimated by management based on historic analysis and other available information and any changes noted are accounted for as changes in accounting estimates.

1.2 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the entity;
- and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Furniture and fixtures	Straight line	3-8 years
Plant, machinery and equipment	Straight line	3-6 years
Computer equipment	Straight line	3-6 years
Leasehold improvements	Straight line	Based on the lesser of lease period or useful lives of the asset
Mobile devices	Straight line	3 years
Motor Vehicles	Straight line	5-8 years

The entity assesses at each reporting date whether there is any indication that the entity's expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the entity revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.3 Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable asset or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity; and
- the cost or fair value of the asset can be measured reliably.

The entity assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

1.3 Intangible assets (continued)

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Depreciation method	Average useful life
Computer software (finite)	Straight line	5-10 years

1.4 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

Classification

The entity classifies financial assets and financial liabilities into the following categories:

- Financial instruments at fair value
- Financial instruments at cost
- Financial instruments at amortised cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through surplus or deficit, which shall not be classified out of the fair value through surplus or deficit category.

Initial recognition and measurement

Financial instruments are recognised initially when the entity becomes a party to the contractual provisions of the instruments.

The entity classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through surplus or deficit, transaction costs are included in the initial measurement of the instrument.

Transaction costs on financial instruments at fair value through surplus or deficit are recognised in surplus or deficit.

Subsequent measurement

Financial instruments at fair value are subsequently measured at fair value based on the quoted prices in an active market, unless the market for a financial instrument is not active, in which case the entity establishes a fair value using a valuation technique.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Financial instruments at cost are subsequently measured at cost.

Impairment of financial assets

At each end of the reporting period the entity assesses all financial assets, other than those at fair value through surplus or deficit, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired. For amounts due to the entity, significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy and default of payments are all considered indicators of impairment.

Impairment losses are recognised in surplus or deficit.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in surplus or deficit except for equity investments classified as available-for-sale. Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in surplus or deficit within operating expenses. When such assets are written off, the write off is made against the relevant allowance account.

Subsequent recoveries of amounts previously written off are credited against operating expenses.

Statutory receivables

The carrying amount of statutory receivables shall be disclosed separately in the notes to the financial statements, clearly distinguishing statutory receivables from receivables which are financial assets and other receivables.

Payables from exchange transactions

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash held at the bank and is subject to an insignificant risk of changes in value. This is initially and subsequently measured at amortised cost.

Other financial assets

Other financial assets comprise of fixed-term investments with banks and other financial institutions. These deposits are initially and subsequently recognised at amortised cost.

Derecognition

Financial assets

The entity derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity :
 - derecognise the asset; and
 - recognise separately any rights and obligations created or retained in the transfer.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

If a transfer does not result in derecognition because the entity has retained substantially all the risks and rewards of ownership of the transferred asset, the entity continues to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the entity recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses are offset.

Financial liabilities

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

1.5 Tax

Tax expenses

Community Schemes Ombud Service is a Schedule 3A Public Entity and is therefore, exempt from Value Added Tax (VAT) and Income tax. The CSOS thus pays all tax invoices to suppliers at total value, and has no recourse to claim any input tax related thereto.

1.6 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.7 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical aid), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected bonus payments are recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans

CSOS is a member of the Government Employee Pension Fund and makes contributions on behalf of its staff to the defined benefit scheme.

1.8 Provisions and contingencies

Provisions are recognised when:

- the entity has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating surplus (deficit).

Provision for leave pay is determined by dividing the employees annual salaries by 21,67 and multiplying by the number of days accruing to the employees at the reporting date.

Contingent Liability is a possible obligation that rises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the CSOS. Contingent Liabilities are not recognised in the statement of financial position of the entity but disclosed in the notes. Contingencies are disclosed in note 26.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence and non-occurrence of one or more uncertain future events not wholly within the control of the entity.

1.9 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

1.10 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

Revenue from an exchange transaction is measured at the amount of the increase in net assets recognised by CSOS.

When, as a result of an exchange transaction, CSOS recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of the acquisition, unless it is also required to recognise a liability.

Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Revenue from recovery of unauthorised expenditure, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Public Finance Management Act (Act No. 29 of 1999) and is recognised when the recovery thereof from the responsible board members or officials is virtually certain.

Dispute resolution fee

Dispute resolution income relates income or fees received for conciliation and adjudication as determined by the Minister of Human Settlements (Minister) by way of Regulations published in terms of section 29 of the CSOS Act.

Revenue from these fees will be recognised when it is probable that the future economic benefits will flow to the CSOS, and

the fair value can be measured reliably. This happens when the community scheme or a member of the scheme files for dispute resolution, files a request for referral of adjudication or requests access to documentation filed with the CSOS. The amount for the fees will be determined in accordance with the regulations of the CSOS Act issued by the Minister of Human Settlements. Currently the prices are determined as follows:

- Application for Dispute Resolution - R50
- Referral to Adjudication - R100
- Access Fee - R8 per copy

A person whose gross monthly income is below R5 500 is entitled to a waiver of the application and adjudication fees. The entire spectrum of Dispute resolution fees for 2022/23 were waived as from 30 November 2021."

1.11 Revenue from non-exchange transactions

Non-exchange revenue consists mainly of Levies, Interest on levies and Grants and subsidies. Levies are charged to registered community schemes in terms of section 54 of the CSOS Act whilst grants and subsidies are received in terms of a budget allocation from the Department of Human Settlements.

Levies

Levies and the related receivable (see statutory receivables note 4) are recognised from registered community schemes as the monies becomes due to the CSOS. The amount receivable is calculated at the lesser of R40 or 2% of the levies exceeding R500, to a maximum of R2500 per month charged by the schemes as per the regulations issued in terms of the CSOS Act. It is assumed that the receipt of these levies is probable at the time of recognition. No provision is made for any unregistered community scheme's outstanding levies until the date of registration at which time all amounts accrued and outstanding, including interest, is levied and recognised.

Community schemes are expected to provide an annual declaration and levy schedules at registration for the levies to be charged. The CSOS uses the last annual declaration for a given financial year of the scheme to calculate the amount due. Where annual declarations have not been submitted, the CSOS will estimate the amount due based on the last declaration received adjusted for inflation (if applicable). Where levies are received from schemes without a levy declaration, the levy assessment and recognition are based on the actual amounts received where the CSOS will look at the trend of payments and select the highest payment made by the scheme to raise levies due to CSOS. Adjustments are made and accounted for between revenue accruals and the assessment amount on the assessment date and presented as changes in estimates to the extent that these were made after reporting date for previous year accruals.

The CSOS started billing in the last quarter of the year (14 February 2022). The billing was back dated to all the 4 quarters (June 2021, September 2021, December 2021 and March 2022).

Interest on levies

Interest is charged from the 7th day following the due date. Levies are due quarterly to the CSOS. Interest on levies is charged for the late payment or non-payment of the levies as per the impairment policy. Interest is payable at 2%, however the CSOS has elected to start charging interest from the 2022/2023 financial year.

Grants and subsidies

Grants and subsidies are recognised when the relevant grant has been approved by the grantor and it is certain that the CSOS will receive the grant and all conditions relating to the relevant grant has been achieved. The CSOS receives an annual grant from the Department of Human Settlements through its budget allocation in terms of the Divisions of Revenue Act (DORA). The receivable is measured based on the amount in the budget allocation.

1.12 Other income

Other income may include donations received, prescribed liabilities and Insurance payouts.

1.13 Interest income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.14 Prepayments

The entity recognises a prepayment as an asset when:

- It is probable that future economic benefits or service potential associated with the prepayment will flow to the entity; or
- the prepayment will lead to a reduction in future payments or a cash refund;
- and the cost of the prepayment can be measured reliably.

1.15 Budget Information

Economic entities are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by entity shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a accrual basis and presented by programmes linked to performance outcome objectives.

The approved budget covers the fiscal period from 01/04/2021 to 31/03/2022.

The budget for the economic entity includes all the entities approved budgets under its control.

The audited annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

1.16 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

Fruitless and wasteful expenditure will always emanate from an action or lack of action instigated by an official that resulted in a financial loss to the institution.

On discovery, the fruitless and wasteful expenditure is recorded in a register, and then referred for investigation. If an investigation reveals that the employee is liable in law, then accountability for the fruitless and wasteful expenditure and any losses relating thereto shall be vested with that official.

In line with the Treasury Regulations, fruitless and wasteful expenditure must either be recovered from the person liable and in instances where recovery is not possible, such fruitless and wasteful expenditure may be written off by the accounting officer or accounting authority.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.17 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- (a) this Act; or
- (b) the State Tender Board Act, 1988 (Act No. 88 of 1988), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 2 of 2019/2020 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 17 May 2019):

Irregular expenditure is incurred when the resulting transaction is recognized in the financial records of a department, constitutional institution or public entity in accordance with the relevant Accounting Framework.

When an Irregular Expenditure is being suspected, it is reported to the Head of the entity and then rerecorded in the Irregular Expenditure Register.

The alleged Irregular Expenditure is then investigated for confirmation.

When the Irregular Expenditure is confirmed, recovery steps are taken where there is a liable official; or a condonation is sought from the National Treasury.

Irregular expenditure that was incurred and identified during the current financial year and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly.

If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

1.18 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

Management are those persons responsible for planning, directing and controlling the activities of the entity, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the entity. As a minimum, a person is considered to be a close member of the family of another person if they are married or live together in a similar to a marriage; or are separated by no more than two degrees of natural or legal consanguinity or affinity.

The entity is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the entity to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

1.18 Related parties (continued)

Where the entity is exempt from the disclosures in accordance with the above, the entity discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its audited annual financial statements.

1.19 Change in accounting estimate and prior period errors

A "change in accounting estimate" is an adjustment of the carrying amount of an asset or a liability or the amount of the periodic consumption of an asset, that results from the assessment of the present status of, and expected future benefits and obligations associated with, assets and liabilities. Changes in accounting estimates result from new information or new developments and, accordingly, are not corrections of errors. Changes in accounting estimates are recorded prospectively in the current period only, or current period and future periods, depending on the period affected.

Prior period errors are omissions from, misstatements in the entity's financial statements for one or more prior periods arising from a failure to use, or misuse of reliable information that:

- was available when financial statements for those periods were authorised for issue; and
- could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements.

Such errors include the effects of mathematical mistakes, mistakes in applying accounting policies, oversights or misinterpretations of facts, and fraud.

2. NEW STANDARDS AND INTERPRETATIONS

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the entity has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date:	Expected impact:
	Years beginning on or after	
GRAP 3: Accounting policies, changes thereto, accounting for changes in accounting estimates and correction of errors.	01 April 2020	Likely there will be a material impact
GRAP 23: Accounting treatment for non-exchange revenue	01 April 2020	Likely there will be a material impact
GRAP 9: Revenue from exchange transactions	01 April 2020	Likely there will be a material impact
GRAP 104, the Standard of GRAP on Financial Instruments apply).	01 April 2020	Likely there will be a material impact
Guideline: Guideline on the Application of Materiality to Financial Statements	To be determined	Unlikely there will be a material impact

2.1 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2021 or later periods:

Standard/ Interpretation:	Effective date:	Expected impact:
	Years beginning on or after	
Guideline: Guideline on the Application of Materiality to Financial Statements	To be determined	Unlikely there will be a material impact
GRAP 25: Employee Benefits	To be determined	Unlikely there will be a material impact

COMMUNITY SCHEMES OMBUD SERVICE

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

3. PROPERTY, PLANT AND EQUIPMENT

31 March 2022

Reconciliation of Carrying Value

Description	Computer Equipment	Furniture and Fixtures	Plant, Machinery and Equipment	Motor Vehicles	Leasehold Assets	Mobile Devices	Total
	R	R	R	R	R	R	R
Carrying values at 01 April 2021	3 350 353	660 337	635 886	838 693	188 185	138 787	5 822 341
Cost	6 905 608	1 503 873	1 024 888	846 106	199 254	302 359	10 782 088
- Completed Assets	6 905 608	1 503 873	1 024 888	846 106	199 254	302 359	10 782 088
Accumulated Depreciation:	(3 545 255)	(843 538)	(388 902)	(7 413)	(11 089)	(163 572)	(4 959 747)
Acquisitions	1 354 780	2 182 644	23 041	-	-	1 523 087	5 083 563
- At Cost	1 354 780	2 182 644	23 041	-	-	1 523 087	5 083 563
Depreciation:	(1 050 182)	(254 482)	(152 094)	(118 455)	(66 418)	(147 886)	(1 789 517)
- Re-Assessment: Change in Estimate	-	-	-	-	-	-	-
Carrying value of Disposals:	(275 941)	(17 075)	(74 980)	-	-	2 769	(370 764)
- Cost	(806 868)	(65 794)	(320 942)	-	-	(168 131)	(1 361 534)
- Accumulated Depreciation	530 725	48 720	245 963	-	-	165 362	990 769
Carrying values at 31 March 2022	3 389 020	2 571 425	431 954	720 238	121 767	1 611 221	8 746 625
Cost	7 453 732	3 620 723	726 987	846 106	199 254	1 657 318	14 504 120
- Completed Assets	7 453 732	3 620 723	726 987	846 106	199 254	1 657 318	14 504 120
Accumulated Depreciation	(4 064 712)	(1 048 298)	(295 033)	(125 868)	(77 487)	(146 097)	(5 758 495)

3. PROPERTY, PLANT AND EQUIPMENT (Continued)

31 March 2021

Reconciliation of Carrying Value

Description	Computer Equipment	Furniture and Fixtures	Plant, Machinery and Equipment	Motor Vehicles	Leasehold Assets	Mobile Devices	Total
	R	R	R	R	R	R	R
Carrying values at 01 April 2020	2 285 571	856 820	582 005	-	140 553	267 440	4 131 389
Cost	6 029 334	1 547 988	1 048 112	-	3 162 430	708 571	12 496 435
- Completed Assets	6 029 334	1 547 988	1 048 112	-	3 162 430	708 571	12 496 435
Accumulated Depreciation:	(3 743 763)	(692 168)	(466 107)	-	(3 021 877)	(441 131)	(8 365 048)
Acquisitions	2 119 225	20 300	283 441	846 106	199 254	18 180	3 466 506
- At Cost	2 119 225	20 300	283 441	846 106	199 254	18 180	3 466 506
Depreciation:	(946 945)	(182 895)	(179 033)	(7 413)	(151 622)	(146 833)	(1 814 741)
Carrying value of Disposals:	(97 498)	(32 888)	(30 427)	-	-	-	(160 813)
- Cost	(1 242 951)	(64 415)	(286 665)	-	(3 162 430)	(424 392)	(5 180 853)
- Accumulated Depreciation	1 145 453	31 527	256 238	-	3 162 430	424 392	5 020 040
Carrying values at 31 March 2021	3 360 353	660 337	635 886	838 693	188 185	138 787	5 822 341
Cost	6 905 608	1 503 873	1 024 888	846 106	199 254	302 359	10 782 088
- Completed Assets	6 905 608	1 503 873	1 024 888	846 106	199 254	302 359	10 782 088
Accumulated Depreciation	(3 545 255)	(843 538)	(388 902)	(7 413)	(11 089)	(163 572)	(4 959 747)
- Cost	(3 545 255)	(843 538)	(388 902)	(7 413)	(11 089)	(163 572)	(4 959 747)

COMMUNITY SCHEMES OMBUD SERVICE

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

	2022 R	2021 R
3. PROPERTY, PLANT AND EQUIPMENT (Continued)		
3.1 Allocation for Cash Flow:		
Property, Plant and Equipment at Beginning of Year	5,822,341	4,131,389
Movement in Non-cash Transactions:-		
Depreciation for the Year	(1,789,517)	(1,814,741)
Total Property, Plant and Equipment allocated to Non-cash Transactions	<u>(1,789,517)</u>	<u>(1,814,741)</u>
Purchase of Property, Plant and Equipment:-		
Acquisition of Property, Plant and Equipment	5,083,563	3,466,506
Total Property, Plant and Equipment allocated to Purchases	<u>5,083,563</u>	<u>3,466,506</u>
Disposal of Property, Plant and Equipment:-		
At Cost / Revaluation	(1,361,534)	(5,180,853)
At Revaluation	-	-
Accumulated Depreciation	990,769	5,020,040
Total Property, Plant and Equipment allocated to Proceeds on Disposal	<u>(370,764)</u>	<u>(180,813)</u>
Property, Plant and Equipment at End of Year	<u>8,745,622</u>	<u>5,822,341</u>
Purchases of Property, Plant and Equipment:-		
Acquisitions	5,083,563	3,466,506
Capital under Construction - Additions:	-	-
Total Purchase of Property, Plant and Equipment	<u>5,083,563</u>	<u>3,466,506</u>
Proceeds on Disposal of Property, Plant and Equipment:-		
Disposals per Reconciliation	370,765	182,234
Less Gains / Losses on Disposal of Capital Assets	(370,765)	(182,234)
Total Proceeds on Disposal of Property, Plant and Equipment	<u>0</u>	<u>0</u>
<p>The assets disposed in the current financial year are assets reported as stolen during the period under review and those that were identified as non-functional, unusable, fully deteriorated and written off. These assets are mainly ICT assets.</p>		
3.2 Assets pledged as security		
<p>No assets of the Entity have been pledged as security.</p>		
3.3 Expenditure incurred to Repair and Maintain Property, Plant and Equipment		
<p>The following specific costs included in the amount of Repairs and Maintenance were incurred by Entity during the reporting period:</p>		
Other Assets	8,498	26,549
- Contracted Services	8,498	26,549
Total Expenditure incurred to Repair and Maintain	<u>8,498</u>	<u>26,549</u>
4. INTANGIBLE ASSETS		
At Cost less Accumulated Amortisation and Accumulated Impairment Losses	<u>8,745,194</u>	<u>1,181,828</u>
<p>The movement in Intangible Assets is reconciled as follows:</p>		
Computer Software:		
Carrying values at 01 April 2021	1,181,828	504,143
Cost	2,501,291	2,782,097

COMMUNITY SCHEMES OMBUD SERVICE

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

	2022 R	2021 R
Accumulated Amortisation	(1 319 463)	12 287 954
Acquisitions:	7 709 439	747 500
Purchased	7 709 439	747 500
Amortisation:	146 073	68 394
- Standard Amortisation	146 073	68 394
Disposals:	-	11 422
At Cost	-	(1 038 306)
At Accumulated Amortisation	-	1 038 885
Carrying values at 31 March 2022	8 745 194	1 181 828
Cost	10 210 730	2 501 291
Accumulated Amortisation	(1 465 536)	(1 319 463)

5. OTHER FINANCIAL ASSETS

Opening Balance	81,814,769	81,814,769
Provision for Impairment loss	(81,814,769)	(81,814,769)
Total Investments	-	-

5.1 OTHER FINANCIAL ASSETS

Short-term Investments	81,814,769	81,814,769
Provision for impairment Loss	(81,814,769)	(81,814,769)
Total Current Investments	-	-

Investments Impaired

The irregular investment to VBS was disclosed in the 2018 Annual Financial statements, it appears the R100 000 guarantee that was set aside from the National Treasury, is only to the retail depositors which are defined as individuals, stokvels and burial societies. Municipalities and other organisations are excluded from the guarantee. The CSOS further recognised impairment loss of R100 000 in (2019/2020). There is no current year impact on the fully impaired financial asset of R81 Million as at 31 March 2022.

In the past CSOS was advised by the Directorate for Priority Crimes Investigation (DPCI), known as the "Hawks" that the investigation has been concluded in respect of the CSOS investment and it revealed the movement of monies and persons involved. The CSOS is yet to access the actual report and consider options for the possible recovery of the monies lost. The CSOS has since listed as part of the creditors for the liquidation processes to unfold, not much has happened in that regard.

6. OTHER RECEIVABLES - RENTAL DEPOSITS

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 31 March 2022			
Deposits -Office rental	632,965	-	632,965
Total Long-term Receivables			632,965
	Gross Balances R	Provision for Impairment R	Net Balances R
As at 31 March 2021			
Deposits -Office Rental	1,013,735	-	1,013,735
Total Long-term Receivables			1,013,735

COMMUNITY SCHEMES OMBUD SERVICE
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

	2022	2021
	R	R
7. ACCUMULATED SURPLUS		
The Accumulated Surplus consists of the following Internal Funds and Reserves:		
Accumulated Surplus due to the results of Operations	341,822,303	214,575,434
Accumulated Surplus due to the results of Operations	214,575,434	122,988,922
Surplus/Deficit for the Year	127 046 869	91 586 512
Total Accumulated Surplus	341,622,303	214,575,434

The Accumulated Surplus represent the retained income of the CSOS at year end. CSOS will apply to the National Treasury to retain the surplus realised in the current financial year. The application to retain the current year surplus is subject to National Treasury approval. The accumulated surplus is determined in terms of the National Treasury Instruction No 12 of 2020/2021.

COMMUNITY SCHEMES OMBUD SERVICE

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

	2022 R	2021 R
8. PAYABLES FROM EXCHANGE TRANSACTIONS		
Trade Creditors	9,863,480	3,053,127
Accruals	6,370,714	-
PAYE Withheld	19,099	23,029
Payroll Liabilities	505,031	346,240
Total Payables	16,758,304	3,422,396

Trade Creditors:

Trade Creditors are in respect of amounts due to suppliers for services rendered and goods supplied. Creditors are paid within 30 days from receipt of invoice as required by Treasury Regulations.

PAYE Withheld:

Relates to the PAYE withheld for board members.

Payroll Liabilities:

Salary Related Payables relates to amounts owing to third parties such as medical aids, provident fund and SARS for PAYE, UIF and SDL at year-end.

No interest is charged for the first 30 days from the date of receipt of the invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the Entity deals with.

9. OPERATING LEASE LIABILITIES

Operating Leases are recognised on the straight-line basis as per the requirement of GRAP 13.

Balance at beginning of year	1,025,297	(54,155)
Operating Lease expenses recorded	(8,489,409)	(4,807,564)
Operating Lease payments effected	9,784,631	5,887,046
Total Operating Lease Liabilities	2,320,519	1,025,297

9.1 Leasing Arrangements

The Entity as Lessee:

Operating Leases relate to Property, Plant and Equipment with lease terms not longer than 5 years, with an option to extend for a further period. All operating lease contracts contain market review clauses in the event that the Entity exercises its option to renew. The Entity does not have an option to purchase the leased asset at the expiry of the lease period.

9.2 Amounts payable under Operating Leases

At the Reporting Date the Entity had outstanding commitments under Non-cancellable Operating Leases for Property, Plant and Equipment, which fall due as follows:

Buildings and Photocopy Machines:	28,073,840	35,066,790
Up to 1 year	11,282,607	9,529,448
2 to 5 years	16,791,233	25,537,342
Total Operating Lease Arrangements	28,073,840	35,066,790

The following payments have been recognised as an expense in the Statement of Financial Performance:

Minimum lease payments	(9,784,631)	(5,887,046)
Total Operating Lease Expenses	(9,784,631)	(5,887,046)

COMMUNITY SCHEMES OMBUD SERVICE

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

Operating Lease payments represent rentals payable by the entity for certain of its office properties. Leases are negotiated for an average term of five (5) years. The lease term for Gauteng and Head Office is for three (3) years and for the PE satellite office is two (2) years.

**2022
R** **2021
R**

10. Revenue Received In Advance

Revenue Received In Advance

115,011,449	66,204,655
115,011,449	66,204,655

Revenue received in advance in the prior year R322 665.00 (2020:2021) relates to overpayments made by community schemes. These were refunded to the community schemes after 31 March 2021.

Revenue received in advance in the current year R115 011 449 (2021:2022) and prior year R65 861 970.00 (2020:2021) relates to unallocated levy payments with incomplete reference numbers made by community schemes.

11. PROVISIONS

Current Provisions

4,557,621 4,037,984

Total Provisions

4,557,621 4,037,984

11.1 Current Provisions:

Leave Provision

4,557,621 4,037,984

Total Current Provisions

4,557,621 4,037,984

Leave Provision relates to the value of vacation leave for staff at year-end.

The leave provision obligation arises from the employees' balance of annual leave days accumulated and not taken as of 13 March 2022. Employees have six (6) months after their leave cycle anniversary to utilise or take leave as per the CSOS leave management policy, failure which those leave days are forfeited.

The timing of the outflow resulting from the leave balance is uncertain and dependent on the employees taking leave. CSOS does not pay out leave other on employees to exit CSOS.

The movement in provisions are reconciled as follows:

Leave Pay:

Balance at beginning of year

4,037,984 2,481,136

Leave accrued for the year

1,578,845 2,079,868

Leave paid for the year

(1,059,208) (533,020)

Balance at end of year

4,557,621 4,037,984

COMMUNITY SCHEMES OMBUD SERVICE
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

	2022 R	2021 R
12. GOVERNMENT GRANTS AND SUBSIDIES		
Operational Grants:		
Department of Human Settlements	24,022,000	23,597,000
Total Government Grants and Subsidies	<u>24,022,000</u>	<u>23,597,000</u>
13. LEVIES RAISED		
Allocated	262,306,242	182,487,715
Unallocated	-	-
Total Levies Raised	<u>262,306,242</u>	<u>182,487,715</u>
 Levies Allocated relate to levies where references provided can be linked to a Scheme.		
 Levies Unallocated relate to levies where references have not been provided and can therefore not be linked to a specific Scheme.		
14. INTEREST EARNED		
External Investments:		
Bank Account	5,924,109	6,089,365
	<u>5,924,109</u>	<u>6,089,365</u>
15. OTHER REVENUE		
Dispute Resolution	536,871	465,421
Sundry Income	57,962	40
Total Other Revenue	<u>594,833</u>	<u>465,461</u>

The amounts disclosed above for Other Revenue are in respect of services rendered which are billed to or paid for by the users and is ancillary to the core business of CSOS.

COMMUNITY SCHEMES OMBUD SERVICE
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

	2022 R	2021 R
16. EMPLOYEE & EMOLUMENTS RELATED COSTS		
Board Members:		
Board Emoluments	1,401,269	1,445,088
Total Employee Related Costs: Board Members	<u>1,401,269</u>	<u>1,445,088</u>
Employees:		
Basic Salaries	90,628,498	77,692,285
Basic Salaries	89,569,290	77,159,267
Leave paid out	1,059,208	533,019
Social Contributions	7,235,241	5,773,352
Pension Fund	6,822,147	5,560,678
Skills Development Levy	148,093	-
UIF	264,001	212,674
Total Employee Related Costs: Employees	<u>97,863,739</u>	<u>83,465,837</u>
Total Employee Related Costs	<u>99,265,008</u>	<u>84,910,735</u>
17. DEPRECIATION AND AMORTISATION		
Depreciation: Property, Plant and Equipment	1,789,517	1,614,741
Amortisation: Intangible Assets	146,073	68,394
Total Depreciation and Amortisation	<u>1,935,590</u>	<u>1,683,135</u>
18. AUDITORS' REMUNERATION		
External Audit Fees	2,997,258	1,467,481
Internal Audit Fees	500,000	1,092,461
Total Auditors Remuneration	<u>3,497,258</u>	<u>2,559,942</u>
19. CONTRACTED SERVICES		
Adjudication fees	9,993,044	774,000
Legal Services	3,825,120	1,390,046
Consulting and Professional Fees	6,277,870	2,154,153
Repairs and Maintenance Services	8,498	26,549
Total Contracted Services	<u>19,904,532</u>	<u>4,344,748</u>
20. FINANCE COSTS		
Other Late Payments	23,000	355,441
Total Finance Costs	<u>23,000</u>	<u>355,441</u>
Interest paid relates to the late submission of SARS returns for Income tax. Returns were subsequently completed and filed.		
21. LICENSE FEES		
Software Licensing	9,666,959	3,972,855
Total License Fees	<u>9,666,959</u>	<u>3,972,855</u>
22. MARKETING EXPENSES		

Advertising	4,138,415	7,367,794
Marketing	1,824,386	1,678,982
Total Marketing Expenses	5,962,802	8,946,766
23. OFFICE EXPENSES		
Office Expenses	1,631,790	1,097,917
Total Office Expenses	1,631,790	1,097,917
24. OPERATING LEASE EXPENSE		
Buildings	9,784,631	5,887,046
Total Operating Lease Expense	9,784,631	5,887,046
25. RECRUITMENT EXPENSES		
Recruitment Expenses	1,611,397	32,080
Total Recruitment Expenses	1,611,397	32,080
26. TELEPHONE AND INTERNET COSTS		
Cell Phone Costs	4,061,038	3,043,681
Telephone Costs	9,497	200,838
Total Telephone and Internet Costs	4,070,535	3,244,519
27. TRAINING AND STAFF DEVELOPMENT		
Conferences and Workshops	281,479	-
Staff Bursaries	501,450	207,508
Staff Welfare	77,993	11,518
Training:		
Board Members	82,874	23,139
Dispute Resolution	5,220	-
Staff	378,300	515,182
Total Training and Staff Development	1,327,316	757,348
28. TRAVEL AND ACCOMMODATION		
Domestic Travelling:	2,358,327	171,503
Travelling Cost	2,358,327	171,503
Total Travel and Accommodation	2,358,327	171,503
29. GENERAL EXPENSES		
Included in General Expenses are the following:		
Annual Report	142,555	18,388
Bank Charges	121,894	131,416
Electricity and Water	1,184,085	656,747
ICT Accesories	1,273,122	1,255,208
Insurance	286,562	27,557
Membership and Subscription Fees	49,475	18,288
Office Refurbishment	86,093	-
Offsite Record Storage	35,182	23,390
Postage and Courier Costs	88,072	65,351
Project Expenditure	5,000	-
Relocation Costs	46,635	-
Rental of Facilities and Equipment	524,740	376,913

Stationery	497,840	353,401
Vehicle Expenses	19,149	2,132
Other General Expenses	-	-
Total General Expenses	<u>4,390,404</u>	<u>2,926,770</u>

30. GAINS / LOSSES ON DISPOSAL OF CAPITAL ASSETS

Assets Disposed at Carrying Value:	(370,765)	(162,234)
Losses on Disposal of Assets	<u>(370,765)</u>	<u>(162,234)</u>
Total Gains / Losses on Disposal of Capital Assets	<u>(370,765)</u>	<u>(162,234)</u>

COMMUNITY SCHEMES OMBUD SERVICE
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

	2022 R	2021 R
31. RECEIVABLES FROM EXCHANGE TRANSACTIONS		
Trade Debtors	14,480	23,087
Interest Accrued	299,897	256,495
Staff Debtors	208,879	411,121
Sundry Debtors	-	304,562
Total Receivables from Exchange Transactions	523,256	995,265
	2022 R	2021 R

The prior year amount for Receivables from Exchange Transactions has been adjusted. Refer to Note 36.3 on "Correction of Error" for details of the restatement.

Trade Debtors include monies owed to CSOS by a part-time adjudicator for over-payments made and a board member for the tools of trade. CSOS is in the process of recovering the monies from both the part-time adjudicator and the board member.

Interest Accrued relates to interest accrued but not received. As at 31 March 2022 interest was earned but was not received. Interest of R299,897 (R256,495 : 31 March 2021) was received after 31 March 2022.

Staff Debtors relates to overpayments made to employees. CSOS is in the process of recovering monies.

Sundry Debtors in the prior year relates to the overpayment made to South African Revenue Services (SARS). SARS deducted from our Bank account after making payment of penalties and interest. CSOS has been granted the reallocation of the credit balance by SARS to recover the overpayment.

There was no impairment of receivables from exchange transactions during the year.

31.1 Ageing of Receivables from Exchange Transactions

As at 31 March 2022

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
Trade Debtors:					
Gross Balances	-	-	-	14,480	14,480
Net Balances	-	-	-	14,480	14,480
Interest Accrued:					
Gross Balances	299,897	-	-	-	299,897
Net Balances	299,897	-	-	-	299,897
Staff Debtors:					
Gross Balances	-	-	-	208,879	208,879
Net Balances	-	-	-	208,879	208,879

As at 31 March 2022 Receivables of R523,256 were past due but not impaired. The age analysis of these Receivables are as follows:

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
All Receivables:					
Gross Balances	299,897	-	-	223,359	523,256
Net Balances	299,897	-	-	223,359	523,256

As at 31 March 2021

COMMUNITY SCHEMES OMBUD SERVICE
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

	2022 R			2021 R
	Current 0 - 30 days	Past Due		Total
		31 - 60 Days	61 - 90 Days	+ 90 Days
Trade Debtors:				
Gross Balances	-	5,107	-	17,980
Net Balances	-	5,107	-	17,980
Interest Accrued:				
Gross Balances	266,495	-	-	-
Net Balances	266,495	-	-	-
Staff Debtors:				
Gross Balances	411,121	-	-	-
Net Balances	411,121	-	-	-

As at 31 March 2021 Receivables of R23,087 were past due but not impaired. The age analysis of these Receivables are as follows:

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
All Receivables:					
Gross Balances	972,178	5,107	-	17,980	995,265
Net Balances	972,178	5,107	-	17,980	995,265

Decrease in the Debtors is due to the Deposit paid back to the CSOS by EAAB, and funds recovered from the trade debtors which were over paid.

32. STATUTORY RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	2022 R	2021 R
Levies Receivable - Allocated	97,627,593	36,210,385
	<u>97,627,593</u>	<u>36,210,385</u>

Statutory receivables

Levies receivable arise from section 22 and section 59 of the CSOS Act, which states that every community scheme shall pay a levy amount to the service.

Levies payable to the service are calculated at the lesser of R40 or 2% of the amount by which the monthly administrative levy charged by the community scheme exceeds R500. In terms of the CSOS Regulations.

The CSOS is not charging interest on levies as yet, although section 13 of the Regulations on the CSOS Act and the accounting policy states that interest will be charged on outstanding levies this is due to the CSOS allowing or encouraging community schemes to register themselves and to encourage voluntary payment of levies. our accounting policy states that

Levies receivable have not been impaired.

The levies receivable are collectible, as they have been recognized in terms of GRAP 14, Events after reporting date.

33. PREPAID EXPENSES

	2022 R	2021 R
Prepaid Expenses	6,192,501	5,998,513
Total Prepaid Expenses	<u>6,192,501</u>	<u>5,998,513</u>

Prepaid Expenses relate to licences paid for the use of software, rentals paid in advance and a prepayment made to Government Communication and Information System for the marketing campaign.

COMMUNITY SCHEMES OMBUD SERVICE
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

	2022 R	2021 R
34. CASH AND CASH EQUIVALENTS		
Current Investments	130,642,488	57,665,125
Bank Accounts	227,160,576	180,378,575
Total Bank, Cash and Cash Equivalents	<u>357,803,062</u>	<u>238,043,699</u>
34.1 Current Investment Deposits		
Call Deposits	130,642,488	57,665,125
Total Current Investment Deposits	<u>130,642,488</u>	<u>57,665,125</u>
The investment bear interest at a rate of anaverage of 4.17 % per annum. The maturity date is 15 January 2023.		
34.2 Bank Accounts		
Cash in Bank	227,160,576	180,378,575
Total Bank Accounts	<u>227,160,576</u>	<u>180,378,575</u>

COMMUNITY SCHEMES OMBUD SERVICE
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

	2022 R	2021 R	
35. CHANGE IN ACCOUNTING POLICY NOTE ON REVENUE FROM NON-EXCHANGE TRANSACTIONS			
<p>Effective 01 April, 2021 the CSOS changed its accounting policy to account for its revenue from non exchange on accrual basis. Previously, the CSOS accounted for its revenue from non exchange using the cash basis of accounting.</p> <p>The effect of the Change in Accounting Policy is as follows:</p>			
	2022	Adjustment	2021
Revenue from non exchange transactions Allocated Revenue restated, the accounting of the revenue from non exchange transaction is what has been corrected from cash basis to accrual basis	182,487,715	28,907,654	153,580,161
Revenue from non exchange transactions unallocated unallocated Revenue restated and reclassified, the accounting of the unallocated revenue from non exchange transaction is what has been restated to Revenue received in advance	-	69,989,813	69,989,813
Receivables from non exchange transactions Receivables restated, the accounting of the Receivables from non exchange transactions is what has been corrected from cash basis to accrual basis	36,210,385	24,799,710	11,410,675
Revenue received in advance unallocated Revenue restated and reclassified, the accounting of the unallocated revenue from non exchange transaction is what has been restated to Revenue received in advance	66,204,655	65,881,970	322,685

36. CORRECTION OF ERROR

Corrections were made on disclosures of the previous financial year. These disclosures are limited to the correction of prior year error and re-classification of line items within the different categories of the financial statements. Details of the corrections are described below:

36.1 Reclassification of Accumulated Surplus

The prior year figures of Accumulated Surplus has been restated to correctly disclose the monies held by the Entity in terms of the disclosure notes indicated below.

The effect of the changes are as follows:

	Accumulated Surplus
Balances published as at 31 March 2020	226,788,923
Restated Balances as at 31 March 2020	226,788,923
Total Changes for the Year 2020/21	(12,243,668)
Correction of Error:- Adjustment to operating lease liability	30,177
Restated Balances as at 31 March 2021	<u>214,576,434</u>

36.2 Reclassification of Expenditure

The prior year figures of Expenditure Classes have been restated to correctly classify the nature of Expenditure.

The effect of the Correction of Error is as follows:

	Prior Year AFS 2020/21 Expenditure	Restated AFS 2020/21 Expenditure	Restatement Amount
Employee & Emoluments Related Costs	84,910,735	84,910,735	-
Depreciation and Amortisation	1,883,135	1,883,135	-
Impairment Losses	-	-	-
Auditors' Remuneration	-	2,559,942	2,559,942
Contracted Services	-	4,344,748	4,344,748
Finance Costs	355,441	355,441	-
License Fees	-	3,972,855	3,972,855
Marketing Expenses	-	8,946,758	8,946,758
Office Expenses	-	1,087,917	1,087,917
Operating Lease Expense	5,917,223	5,887,046	(30,177)
Recruitment Expenses	-	32,080	32,080
Telephone and Internet Costs	-	3,244,519	3,244,519
Training and Staff Development	-	757,348	757,348
Travel and Accommodation	-	171,503	171,503
General Expenses	28,054,438	2,928,770	(25,127,668)
Loss on Disposal of Property, Plant and Equipment	162,234	162,234	-

121,063,208 121,063,029 (30,177)

Prior year amounts of Items in Expenditure included in the Statement of Financial Performance have been restated as indicated below:

	Auditors Remuneration	Contracted Services	Finance Costs	
Balance previously reported	-	-	355,441	
Reclassified from General Expenses	2,559,942	4,344,748	-	
Restated Balance now reported	2,559,942	4,344,748	355,441	
	License Fees	Marketing Expenses	Office Expenses	
Balance previously reported	-	-	-	
Reclassified from General Expenses	3,972,855	8,946,758	1,097,916	
Restated Balance now reported	3,972,855	8,946,758	1,097,916	
	Operating Lease Expense	Recruitment Expenses	Telephone & Internet Costs	
Balance previously reported	8,917,223	-	-	
Reclassified from General Expenses	-	32,080	3,244,519	
Lease rentals on Operating Leases	(30,177)	-	-	
Restated Balance now reported	8,887,046	32,080	3,244,519	
	Transport Costs	Travel & Accommodation	General Expenses	Loss on Disposal of Assets
Balance previously reported	-	-	28,064,438	162,234
Reclassified from General Expenses	757,348	171,503	-	-
Reclassified to Auditors Remuneration	-	-	(2,559,942)	-
Reclassified to Contracted Services	-	-	(4,344,748)	-
Reclassified to License Fees	-	-	(3,972,855)	-
Reclassified to Marketing Expenses	-	-	(8,946,758)	-
Reclassified to Office Expenses	-	-	(1,097,917)	-
Reclassified to Printing & Stationery	-	-	(32,081)	-
Reclassified to Telephone & Internet Costs	-	-	(3,244,519)	-
Reclassified to Training and Staff Development	-	-	(757,348)	-
Reclassified to Travel & Accommodation	-	-	(171,502)	-
Restated Balance now reported	757,348	171,503	2,826,770	162,234

Reclassifications:

The prior year amounts for General Expenses and various Expenditure Classes as indicated above, have been restated to correctly disclose the nature of expense in terms of GRAP 1.

License Fees:

The prior year amounts for License Fees and General Expenses have been restated to correctly disclose the expense for License Fees in the amount of R3,972,855 , previously included in General Expenses.

Marketing Expenses:

The prior year amounts for Marketing Expenses and General Expenses have been restated to correctly disclose the expense for Marketing in the amount of R8,946,758 , previously included in General Expenses.

Office Expenses:

The prior year amounts for Office Expenses and General Expenses have been restated to correctly disclose the expense for Office Expenses in the amount of R1,097,917, previously included in General Expenses.

Recruitment expenses:

The prior year amounts for Printing and Stationery and General Expenses have been restated to correctly disclose the expense for Printing & Stationery in the amount of R32,080, previously included in General Expenses.

Travel and Accommodation:

The prior year amounts for Travel and Accommodation and General Expenses have been restated to correctly disclose the expense for Travel & Accommodation in the amount of R171,503 , previously included in General Expenses.

General Expenses:

The prior year amounts for General Expenses have been restated to correctly disclose the expense for General expenses in the amount of R 4 396 496 , previously included in General Expenses in the amount of R2 926 770.

Auditors Remuneration:

The prior year amounts for Auditors Remuneration and General Expenses have been restated to correctly disclose the expense for Auditors remuneration in the amount of R2,559,942 , previously included in General Expenses.

Contracted Services:

The prior year amounts for Contracted Services and General Expenses have been restated to correctly disclose the expense for Contracted Services in the amount of R4, 344,748 previously included in General Expenses.

Telephone & Internet Costs:

The prior year amounts for Telephone Cost and General Expenses have been restated to correctly disclose the expense for Telephone & Internet Cost in the amount of R3, 244,519 previously included in General Expenses.

Training and Staff Development:

The prior year amounts for Training and General Expenses have been restated to correctly disclose the expense for Training and Staff Development Cost in the amount of R767,348 previously included in General Expenses.

36.3 Reclassification of Statement of Financial Position

The prior-year figures of Classes in the Statement of Financial Position have been restated to correct an error and to correctly classify the nature of Assets, Liabilities, and Net Assets

The effect of the Correction of Error is as follows:

	Prior Year AFS 2020/21 Balance	Restated AFS 2020/21 Balance	Restatement Amount
Current Assets			
Receivables from Exchange Transactions	995,265	995,265	-
Statutory Receivables from Non-exchange Transactions	11,410,675	36,210,385	24,799,710
Prepayments	5,998,513	5,998,513	-
Cash and Cash Equivalents	238,043,699	238,043,699	-
Non-Current Assets			
Property, Plant and Equipment	5,822,341	5,822,341	-
Intangible Assets	1,181,828	1,181,828	-
Long-term Receivables	1,013,735	1,013,735	-
Current Liabilities			
Payables from Exchange Transactions	(3,422,398)	(3,422,398)	-
Operating Lease Liabilities	(1,055,474)	(1,025,297)	30,177
Provisions	(4,037,984)	(4,037,984)	-
Revenue Received in Advance	(322,685)	(66,204,655)	(65,881,970)
Non-Current Liabilities			
Net Assets			
Accumulated Surplus	(255,627,517)	(214,676,434)	41,052,083

Opening balances and prior year amounts of items in the Statement of Financial Position have been restated as indicated below:

	Receivables: Exchange Transactions	Statutory Receivables: Non-exchange	Cash & Cash Equivalents	Prepayments
Balances previously published per AFS as at 30 March 2020	721,732	20,116,308	209,794,847	288,389
Reclassification of Prepaid Expenses	-	-	-	-
Reclassification of Deposits	-	-	-	-
Balances now published per AFS as at 30 March 2020	721,732	20,116,308	209,794,847	288,389
Transactions incurred for the Year 2020/21	273,533	16,094,078	28,248,763	5,710,124
Reclassification of Prepaid Expenses	-	-	-	-
Reclassification of Deposits	-	-	-	-
Balances now published per AFS as at 31 March 2021	995,265	36,210,385	238,043,699	5,998,513
		Property, Plant & Equipment	Intangible Assets	Long-term Receivables
Balances previously published per AFS as at 31 March 2020		4,131,389	504,143	632,126
Balances now published per AFS as at 31 March 2020		4,131,389	504,143	632,126
Transactions incurred for the Year 2020/21		1,690,952	677,685	361,610
Balances now published per AFS as at 31 March 2021		5,822,341	1,181,828	1,013,735
	Revenue In Advance	Payables: Exchange	Operating Lease Liabilities	Provisions
Balances previously published per AFS as at 31 March 2020		(6,963,128)	54,165	(2,491,136)
Balances now published per AFS as at 31 March 2021	-	(6,963,128)	54,165	(2,491,136)
Transactions incurred for the Year		3,540,732	(1,079,452)	(1,546,848)
Reclassification of Revenue Received in Advance		-	-	-

Adjustment for Write-off of Unreconciled Balances

Balances now published per AFS as at 31 March 2021

-	(3,422,396)	(1,026,297)	(4,037,984)
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Reclassifications:

The opening balances of items in Financial Position have been reclassified as indicated to adhere to the provisions of GRAP 1.

The prior year amounts of items in Financial Position have been reclassified as indicated to adhere to the provisions of GRAP 1.

37. CHANGE IN ACCOUNTING ESTIMATES

PPE

Computer Equipment: Servers

2022

The useful life of Computer Equipment was re-assessed in 2020 financial year to be 6 years. In the current period management have revised their estimate to 8 years. The effect of this revision has increased the computer equipment for the current and future periods. The impact on the cash flow statement is

The impact on the cash flow statement is:
Computer Equipment: Servers

Amortisation before change in estimates	Amortisation before change in estimates	Impact
65 049.71	27 266.15	37 783.56

Intangible Assets

2021

The useful lives of intangible assets were initially set at 5 years. In the current period, management have revised their estimate from 5 to 10 years. The effect of this revision has decreased the amortisation charges in the current year by R139 031.39. The change will also result in an increase in the amortisation charge in future period by R139 031.39.

The impact on the AFS is as follows:

Amortisation before change in estimates	Amortisation after change in estimates	Impact
153 636.65	291 668.04	139 031.39

38. CASH GENERATED FROM OPERATIONS

Surplus / (deficit) for the Year

127,046,869 91,588,512

Adjustment for Non-cash Transactions included in Surplus / (Deficit):
Depreciation and Amortisation

1,835,590 1,683,135

Adjustment for Cash Transactions not included in Surplus / (Deficit):
Disposal of Property, Plant and Equipment
Disposal of Intangible Assets
Movement in Provisions

370,764 160,813
- 1,422
519,637 1,546,848

Operating surplus before working capital changes

129,872,860 94,978,728

(Increase)/Decrease in Receivables from Exchange Transactions
Decrease/(Increase) in Receivables from Non-exchange Transactions
Decrease/(Increase) in Prepaid Expenses
Increase in Payables from Exchange Transactions
Increase/(Decrease) in Revenue Received In Advance
Increase/(Decrease) in Operating Lease Liabilities

472,009 (252,642)
(61,417,208) (16,094,080)
(193,988) (5,710,124)
19,335,908 (3,540,732)
48,806,794 86,204,855
1,285,220 1,079,462

Cash generated by Operations

132,171,895 138,665,259

39. IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

39.1 Fruitless and Wasteful Expenditure

Opening balance
Not yet Condoned or written off by Board
Add: Possible Fruitless expenditure referred to LCC for determination

1,003,000 647,000
- 356,000
443,894 -
1,446,894 1,003,000

CSOS has identified fruitless and wasteful expenditure for the number of R443 894 in the period under review. This is to go through the loss control committee. All possible identified fruitless and wasteful expenditure is in process at the Loss Control Committee.

Expenditure identified in the current year include those listed below:

Details of fruitless and wasteful expenditure - Current Year

Interest paid to SARS

Treatment

Appropriate steps in terms of Treasury Instruction 2 of 2019/20 will be implemented 23,000

Repayment of Legal fees for CSOS employee and other

Appropriate steps in terms of Treasury Instruction 2 of 2019/20 will be implemented 399,305

Missed the flight charges by 3 finance Personnel

Appropriate steps in terms of Treasury Instruction 2 of 2019/20 will be implemented 21,579

443,884

Details of fruitless and wasteful expenditure - prior year

Interest paid to SARS

Treatment

Appropriate steps in terms of Treasury Instruction 2 of 2019/20 will be implemented 355,000

Cancellation fees for tender advertised

Appropriate steps in terms of Treasury Instruction 2 of 2019/20 will be implemented 1,000

356,000

39.2 Irregular Expenditure

Opening balance

40,682,000 41,772,000

Add: Irregular Expenditure - current year

- 1,077,000

Add: Possible Irregular expenditure referred to LCC for determination

9,353,500 -

Less: Recoveries

(208,425) -

Less: Irregular Expenditure Condoned

- (2,811,000)

Add: Incorrect classification in prior year

- 644,000

49,827,076 40,682,000

CSOS has identified possible irregular expenditure for the amount of R9 353 500 in the period under review. This is to go through the loss control committee. All possible identified irregular expenditure is in process at the LCC committee.

Recoveries relate to the monies received for the non-compliant payment made to employees.

Expenditure identified in the current year include those listed below:

Details of irregular expenditure - Current Year

Treatment

Non-Compliance to the PFMA and SCM prescripts - Legal Services

Appropriate steps in terms of Treasury Instruction 2 of 2019/20 will be implemented, 10,831

Legal services were rendered, and the amount exceeded amount which was initially approved

Appropriate steps in terms of Treasury Instruction 2 of 2019/20 will be implemented, 88,829

Payment on printing services for the Durban and Head Office printer after the contract has expired in July 2020.

Appropriate steps in terms of Treasury Instruction 2 of 2019/20 will be implemented, 50,272

Inaccurate evaluation process

Appropriate steps in terms of Treasury Instruction 2 of 2019/20 will be implemented, 619,558

SLA signed with a different service provider includes expenditure incurred in the prior year that was not recognized.

Appropriate steps in terms of Treasury Instruction 2 of 2019/20 will be implemented, 8,560,717

Deviation not properly supported

Appropriate steps in terms of Treasury Instruction 2 of 2019/20 will be implemented, 33,283

9,353,500

Details of irregular expenditure - prior year

Treatment

Part time adjudicator payments - Non compliance with SCM processes

Appropriate steps in terms of Treasury Instruction 2 of 2019/20 will be implemented, 528,000

Non-compliant salary payments

Appropriate steps in terms of Treasury Instruction 2 of 2019/20 will be implemented, 58,000

Legal Services - Non Compliance with SCM processes

Appropriate steps in terms of Treasury Instruction 2 of 2019/20 will be implemented, 233,000

Payment to expired contract

Appropriate steps in terms of Treasury Instruction 2 of 2019/20 will be implemented, 238000

Payment in excess of deviation contract

Appropriate steps in terms of Treasury Instruction 2 of 2019/20 will be implemented, 20000

1,077,000

40. COMMITMENTS FOR EXPENDITURE

40.1 Authorised operational Expenditure Commitments

Already contracted for but not provided for:-	22 292 579	19 959 000
Travel Management services	4,511,588	5,885,000
Legal fees	670,088	1,235,000
Business Continuity and Disaster Recovery Solution	473,064	-
Training for staff and board members	-	118,000
Purified water supply	-	275,000
Provision of courier solutions	787,914	62,000
Catering services	-	400,000
Development and distribution of CSOS newsletters	-	455,000
Offsite document management services (Storage and retrieval)	178,442	476,000
Translation services during dispute resolution	-	389,000
Domain and website hosting, support and maintenance services	43,782	-
Cleaning services	-	302,000
Feasibility study	-	1,407,000
Provision of Enterprise Risk Management Services (ERM)	820,593	-
Membership fees	-	49,000
Recruitment services	748,939	2,000,000
Competency assessments	-	475,000
Employee wellness	84,528	172,000
Technical financial advice	1,654,300	2,887,000
Employee background screening	500,000	473,000
Managed/configuration of printers solutions	1,751,800	1,000
Risk management support services	8,050	916,000
Media monitoring	228,960	420,000
ICT Governance assessment services	-	499,000
Short-term asset insurance	718,920	232,000
Internal audit services	750,000	500,000
Labour related services	-	502,000
Development & implementation of "POPIA" framework	15,772	-
Computer equipment	-	68,000
Development and supply of APP	52,880	-
BBBEE Verification services	102,480	-
Knowledge management dispute resolution	412,448	-
Strategic Planning Facilitator	989,727	-
Supply of office stationery	820,768	-
Supply and deliver of marketing promotional material	201,252	-
Managed Security Operations Center	173,700	-
Hosted IP FAX	1,300,979	-
Hygiene Maintenance Services	3,145,815	-
Supply and delivery of office furniture	955,478	-
Panel of Part-Time Adjudicators	33,005	-
Provision of Technical opinion on the amendment of the accounting policy for non-exchange revenue.	57 500	-
Total Operational Commitments	22,292,579	19,959,000
This expenditure will be financed from current reserves.		
Own Resources	22,292,579	19,959,000
	22,292,579	19,959,000

COMMITMENTS FOR CAPITAL EXPENDITURE

40.2 Authorised Capital Expenditure Commitments

Contracted for and Authorised by the Board Members :-	108 170 963	3 269 000
Intangible (Business Automation Services)	103,323,022	-
Supply and activation of MS Enterprise Open Value Licences	788,272	1,266,000
Online search tool	499,914	500,000
SSL Certification	43,170	-
ESET Licence Renewal	211,003	-
Sage Billing Module	96,300	-
Mimecast M3RA with LCS Silver license subscription and support services	1,209,282	1,503,000
Total Capital Commitments	108,170,963	3,269,000

40.3 Operating Lease Commitments

At the reporting date the Entity has outstanding commitments under Operating Leases which fall due as follows:

40.3.1 Arrangements as Lessee:

Operating Leases relate to Property, Plant and Equipment with lease terms not longer than 5 years, with an option to extend for a further period. All operating lease contracts contain market review clauses in the event that the Entity exercises its option to renew. The Entity does not have an option to purchase the leased asset at the expiry of the lease period.

40.3.2 Amounts payable under Operating Leases:

At the Reporting Date the Entity had outstanding commitments under Non-cancellable Operating Leases for Property, Plant and Equipment, which fall due as follows:

Buildings:	26,073,840	35,066,790
Up to 1 year	11,282,607	9,529,448
2 to 5 years	16,791,233	25,537,342
Total Operating Lease Arrangements	28,073,840	35,066,790

41. FINANCIAL INSTRUMENTS

41.1 Classification

FINANCIAL ASSETS:

In accordance with GRAP 104.13 the Financial Assets of the Entity are classified as follows:

Financial Assets at Amortised Cost:

Receivables from Exchange Transactions	Trade Debtors	14,480	23,087
Receivables from Exchange Transactions	Interest Accrued	289,697	256,495
Receivables from Exchange Transactions	Prepaid Expenses	-	-
Receivables from Exchange Transactions	Staff Debtors	208,679	411,121
Receivables from Exchange Transactions	Sundry Debtors	-	304,562
Cash and Cash Equivalents	Call Deposits	130,642,466	57,665,125
Cash and Cash Equivalents	Bank Balances	227,160,576	180,378,575
		358,326,318	239,038,965
Total Financial Assets		358,326,318	239,038,965

FINANCIAL LIABILITIES:

In accordance with GRAP 104.13 the Financial Liabilities of the Entity are classified as follows:

Financial Liabilities at Amortised Cost:

Payables from Exchange Transactions	Trade Creditors	9,863,460	3,063,127
Payables from Exchange Transactions	Accruals	6,370,714	-
Payables from Exchange Transactions	Payroll Liabilities	505,031	346,240
Payables from Exchange Transactions	PAYE Withheld	19,089	23,029
Payables from Non-exchange Transactions	Revenue Received In Advance	-	-
		16,758,304	3,422,396
Total Financial Liabilities		16,758,304	3,422,396

The Financial Instruments of the Entity have been reclassified as disclosed in Note 35 Change in Accounting Estimates.

41.2 Financial Risk Management

The Accounting Authority has overall responsibility for the establishment and oversight of the Entity's risk management framework. The Entity's risk management policies are established to identify and analyse the risks faced by the Entity, to set appropriate risk limits and controls and to monitor risks and adherence to limits.

The Entity Board manages the financial risks relating to the operations through internal policies and procedures. These risks include interest rate risk, credit risk and liquidity risk. Compliance with policies and procedures is reviewed by the internal auditors on a continuous basis, and annually by external auditors. The Entity does not enter into or trade financial instruments for speculative purposes.

Internal audit, responsible for initiating a control framework and monitoring and responding to potential risk, reports periodically to the Entity's audit committee, an independent body that monitors the effectiveness of the internal audit function.

Further quantitative disclosures are included throughout these Annual Financial Statements.

31.3 Liquidity Risk

Liquidity risk is the risk that the organisation may not be able to meet its financial obligations as they fall due. This risk is regarded as low considering the entity's current funding structures and management of available cash resources. The CSOS monitors its cash flow requirements which include its ability to meet financial obligations. The CSOS also analyses its financial liabilities based on the remaining period to contractual maturity. Liabilities fall due after 30 days.

At 31 March 2022	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payable from Exchange Transaction	16,758,304			
Operating lease liability		1,489,250	831,270	
At 31 March 2021	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payable from Exchange Transaction	3,422,396			
Operating lease liability	1,025,297			

31.4 Credit risk

The CSOS has exposure to credit risk, which is the risk of financial loss to the CSOS if a counterparty to a financial instrument fails to meet its contractual obligations. Key areas where the CSOS is exposed to credit risk are:

- Community Scheme Levy Receivables (Receivables from non-exchange transactions)
- Trade Receivables for suppliers over paid (Receivables from exchange transactions)
- Rental deposits
- Pre-payments to Suppliers
- Other Financial Assets (CPD Investment)

The nature of the CSOS exposure to credit risk, as well as the policies and processes for managing the credit risk have not changed significantly from the prior period. Potential concentrations of credit risk consist mainly of other financial assets. Financial instrument operations are only entered into with well-established and reputable financial institutions. Consequently, the CSOS is exposed to credit risk. The carrying amounts of financial assets included in the Statement of Financial Position represent the CSOS exposure to credit risk in relation to these assets. As at 31 March 2022

Financial assets exposed to credit risk at year end were as follows

Financial instrument		31 March 2022	31 March 2021
Receivables from exchange transactions		523,256	885,265
Prepayments		6,192,601	5,998,513
Rental deposits		632,665	1,013,735
Other financial assets			
		<u>7,348,722</u>	<u>8,007,513</u>

	>180 days	>90 days	Current	Total
Receivables from exchange transactions	995,265			995,265
Prepayments	5,998,513			5,998,513
Other receivables	1,013,735			1,013,735
	<u>8,007,513</u>	<u>0</u>	<u>0</u>	<u>8,007,513</u>

41.3 Market Risk

41.3.1 Interest Rate Risk Management

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The entity is exposed to cash flow interest rate risk arising from cash on hand at commercial banks, which earns interest at floating rates based on daily bank deposit rates. In the period under review the entity held no finance lease contracts.

The Community Schemes Ombud services exposure to market risk (in the form of interest rates risk) arises as a result of the following:

- a) Possible interest on late payment by the CSOS.
- b) Interest on accounts held at banking institutions.

The entity's financial assets and financial liabilities are managed in such a way that the fluctuations in variable rates do not have material impact on the surplus/(deficit) as the CSOS settles its outstanding obligations.

The Entity limits its counterparty exposures from its money market investment operations (financial assets that are neither past due nor impaired) by only dealing with major banks with high quality credit standing and limits exposure to any one counter-party. No investments with a tenure exceeding twelve months are made.

Investments/Bank, Cash and Cash Equivalents

The Entity limits its counterparty exposures from its short-term investments (financial assets that are neither past due nor impaired) by only dealing with well-established financial institutions. The Entity's exposure is continuously monitored and the aggregate value of transactions concluded is spread amongst different types of approved investments and institutions, in accordance with its investment policy. Consequently, the Entity is not exposed to any significant credit risk.

The Entity limits its counterparty exposures from its money market investment operations (financial assets that are neither past due nor impaired) by only dealing with well-established financial institutions of high credit standing. The credit exposure to any single counterparty is managed by setting transaction / exposure limits, which are included in the Entity's Investment Policy. These limits are reviewed annually by the Chief Financial Officer and authorised by the Board.

Long-term Receivables	632,665	1,013,735
Receivables from Exchange Transactions	523,256	885,265
Statutory Receivables from Non-exchange Transactions	97,627,593	38,210,385
Bank, Cash and Cash Equivalents	357,803,062	238,043,699
Maximum Credit Risk Exposure	<u>466,686,876</u>	<u>278,263,084</u>

2022
R
2021
R

42. RELATED PARTY TRANSACTIONS

These transactions were all concluded at arm's length and therefore disclosed here only for information purposes. Details of material transactions with related parties not disclosed elsewhere in the financial statements are as follows:

42.1 Interest of Related Parties

Entities with whom the Entity has a relationship:

Controlling Entity: National Department of Human Settlements
Entity under common control: Property Practitioners Regulatory Authority.

Board Members / Management with whom the Entity has a relationship:

The following Board Members and/or management of the Entity was active during the period under review:

Name of Related Person	Designation	Appointed	Terminated
Ms. M.P. Mhshema (Chairperson)	Board Member	1 December 2021	
Mr. D.V. Gollath (Deputy Chairperson)	Board Member	1 January 2022	
Mr. S. Rakolote	Board Member	1 January 2022	
Ms. D. Subblah	Board Member	1 January 2022	
Adv. M.D. Xulu	Board Member	1 January 2022	
Ms. N. Shandu-Sithole	Board Member	1 January 2022	
Ms. M. Ramafisoa (Former Deputy Chairperson)	Board Member - re-appointed	1 January 2022	
Mr. M. Tsimzashe (Former Chairperson)	Board Member	1 January 2019	30 November 2021
Mr. T. Holmes	Board Member	1 January 2019	31 December 2021
Ms. A. Olfant	Board Member	1 January 2019	31 December 2021
Ms. L. Noga-Tungamirai	Board Member	1 January 2019	31 December 2021
Adv. B. Mkhize	Chief Ombudsman	1 April 2021	
Ms. T. Mbatha CA (SA)	Chief Financial Officer	1 June 2021	
Adv. R. Maruma	Company Secretary		31 December 2021
	Executive Governance, Compliance and Education		24 June 2021
Ms. N. Rabuli	Chief Audit Executive		
Mr. O. Masogo	Executive Manager: Corporate Affairs		
Mr. L. Seshoka	Chief Information Officer		
Ms. P. Naicker	Adjudicator General		
Ms. K. Mitha	Former Acting Chief Financial Officer		31 May 2021
Ms. E. Pholhe			

42.2 Income Received from Related Parties / Services rendered to Related Parties

42.2.1 Income Received from Related Parties:

During the year funds were received and revenue recognised from the following Related Parties that are related to the Entity as indicated below. The balances at year-end contained in deferred income and debtors is disclosed.

	Funds Received	Revenue	Deferred Income	Outstanding Balance
	R	R	R	R
For the Year ended 31 March 2022				
National Department of Human Settlements	24,022,000	-	-	-
Property Practitioners Regulatory Authority				408,000
Total	24,022,000	-	-	408,000
For the Year ended 31 March 2021				
National Department of Human Settlements	23,597,000	-	-	-
Property Practitioners Regulatory Authority				-
Total	23,597,000	-	-	-

42.2.2 Services rendered to Related Parties:

Apart from the revenue as disclosed above no further services were rendered to related parties. All transactions were concluded on an arm's length basis.

42.3 Loans granted to/(from) Related Parties

The Entity does not grant loans to its Board Members or Key Personnel.

42.4 Board Members and Executive Management Emoluments

Executives:
2022

	Basic Salary	Other short term employee benefits	Other Benefits*	Post-employment benefits	Total
	R	R	R	R	R
Adv. B. Mkhize	1,939,200	1,056,704	6,782	252,096	3,254,782
Ms. T. Mbatha CA (SA)	1,214,400	657,728	5,180	157,872	2,035,180
Ms. N. Rabuli	236,268	747,842	446	30,715	1,015,271
Adv. R. Maruma	715,198	521,772	1,572	83,108	1,332,648
Mr. O. Masogo	998,567	544,137	4,321	129,814	1,676,848
Mr. L. Seshoka	1,086,885	592,263	4,588	141,295	1,825,031
Mr. P. Naicker	1,044,485	559,147	4,484	135,781	1,753,857

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	2022		2021	
	R	R	R	R
Ms. K. Mlatha	817,054	499,719	4,172	119,217
Ms. B. Pheliso		78,643		
	<u>817,054</u>	<u>578,362</u>	<u>4,172</u>	<u>119,217</u>
	<u>9,153,037</u>	<u>5,207,955</u>	<u>31,525</u>	<u>1,050,895</u>
	<u>14,512,412</u>			

	Basic Salary	Other short term employee benefits	Other Benefits*	Post-employment benefits	Total
	R	R	R	R	R
2021					
Ms. N. Rebul	993,269	753,958	1,785	129,125	1,878,137
Adv. R. Maruma	947,039	508,344	1,785	123,115	1,580,183
Mr. O. Masogo	1,039,103	567,952	1,785	139,986	1,739,826
Mr. L. Seshoka	1,076,124	577,520	1,785	139,986	1,795,415
Mr. P. Naicker	689,416	403,307	1,190	89,824	1,183,737
Ms. K. Mlatha	302,659	3,769,015	595	28,509	4,121,778
Ms. B. Pheliso	155,854				155,854
	<u>5,283,464</u>	<u>6,689,725</u>	<u>9,923</u>	<u>645,353</u>	<u>12,448,465</u>

Non-executive

2022	Number of board meetings	Board meetings	Number of other meetings	Other meetings	Travel claims	Total
	#	R	#	R	R	R
Ms. M. Mthethwa	9	73,380	4	34,538	842	108,760
Mr. D. Gofath	8	48,336	7	52,882	699	98,917
Mr. S. Rakolote	8	41,904	6	31,428	1,872	75,204
Ms. D. Subbiah	9	47,142	5	26,190	176	73,508
Adv. M.D. Xulu	8	41,904	5	26,190	3,048	71,142
Ms. N. Shamsu-Sithole	8	41,904	5	26,190	348	68,442
Mr. M. Tyamzashe	10	82,023	14	103,822	242	186,087
Ms. M. Ramataboe	15	94,194	19	124,418	244	218,856
Mr. T. Holmes	9	44,523	18	78,677	-	123,200
Ms. A. Ollant	10	47,142	14	73,332	-	120,474
Ms. L. Nogo-Tungamirai	10	47,142	15	78,670	-	125,812
Ms. Z. Kabini	-	-	5	23,571	-	23,571
Mr. I. Motale	-	-	6	36,866	-	36,866
Ms. N. Maharaj	-	-	3	15,714	-	15,714
Mr. Morebe	-	-	3	15,714	-	15,714
Ms. V. Nayagar	-	-	4	20,852	-	20,852
Mr. M. Nogo	-	-	4	18,333	-	18,333
		<u>606,603</u>		<u>767,195</u>	<u>7,471</u>	<u>1,401,269</u>

2021	Number of board meetings	Board meetings	Number of other meetings	Other meetings	Total
	#	R	R	R	R
Mr. M. Tyamzashe	10	35,340	27	194,285	280,605
Ms. M. Ramataboe	7	52,882	31	234,236	287,118
Mr. T. Holmes	10	52,380	28	144,045	196,425
** Mr. R. Jock	5	26,190	14	91,665	117,855
*** Mr. E. Zulu	5	26,190	13	16,714	41,904
Ms. A. Ollant	8	44,523	21	104,780	149,303
Ms. L. Nogo-Tungamirai	9	47,142	30	144,045	191,187
Ms. Z. Kabini	-	-	19	75,951	75,951
Mr. I. Motale	-	-	13	62,856	62,856
Ms. N. Maharaj	-	-	3	15,714	15,714
Mr. Morebe	-	-	2	10,476	10,476
Ms. V. Nayagar	-	-	1	6,238	6,238
Mr. M. Nogo	-	-	2	10,476	10,476
		<u>335,657</u>		<u>1,109,441</u>	<u>1,445,098</u>

** Resigned on 24 August 2020

*** Resigned on 3 September 2020

2022	2021
R	R

42.5 Expenditure pertaining to Related Parties

42.5.1 Purchases:

The Entity procured goods and/or services from the following companies, which are considered to be Related Parties:

Company Name	Purchases for the Year	Purchases for the Year
National Department of Human Settlements		103,900,000
Property Practitioners Regulatory Authority		3,705,480
Total Purchases		<u>107,605,480</u>

43. CONTINGENT LIABILITIES

43.1 Contingencies:

CCMA case (former employee)

2022	2021
R	R
<u>323,894,402</u>	<u>241,611,000</u>
<u>395,883</u>	

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2022	2021
R	R
323 498 519	241 611 000

National Treasury:

Accumulated Surplus is subject to National Treasury approval in response to the CSOS appropriate application for such fund retention. The accumulated surplus is determined in terms of the National Treasury Instruction No. 12 of 2020/2021. The CSOS will apply to retain the unspent funds which have remained un-expensed at year end. The amount of R77 million surplus transfer for the prior year is still under negotiations with National Treasury which were not yet finalised as at 31 March 2022.

Former employee CCMA matter is under review and yet to be adjudicated by the labour court.

44. EVENTS AFTER THE REPORTING DATE

Statutory Receivables

The CSOS uses the information relating to levies received after the reporting date but before the date the annual financial statements are authorized for issue, as an adjusting event to determine the amount of receivables at year end and the accrued levies revenue.

Levies received from 01 April to 07 April 2022 were analysed, using the levy schedule provided by the community schemes to determine the amount of levies that relate to the quarter under review. The amounts are as per the disclosure in the note 4 on Statutory Receivables (Receivables from non-exchange transactions).

During July 2022, The court has found in favour of the CSOS with respect of the Stonehurst matter disclosed under contingent liabilities, accordingly the CSOS exposure for the R133,963.79 contingent liability previously identified is no longer probable.

45. GOING CONCERN ASSESSMENT

The Annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realization of assets and settlement of liabilities, contingent obligations, and commitments will occur in the ordinary course of business.

The CSOS' main income stream is the levies that are received from the community schemes, payable in terms of section 59 of the CSOS Act. Furthermore, the CSOS receives a grant from the Department of Human Settlements, Water and Sanitation and it generates interest through its investments. The funds generated from levies, the grant, and the interest, are available to finance future operations and the settlement of liabilities.

Taking the aforementioned into account, management has prepared the Annual Financial Statements on the Going Concern Basis.

49. AUTHORISED CAPITAL EXPENDITURE

Not yet contracted for and authorised by the board members
 Intangible assets

118 000 000
118 000 000

The CSOS declared a cash surplus of 221,8 million generated in 2019/20 to the executive authority. CSOS was granted a retention of R118 million of the cash surplus. The approval was granted for the procurement of the revenue and records management system. This approval was granted on the 25 Feb 2021.



PART F
APPENDIX



WHERE TO FIND NATIONAL OFFICE

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Community Schemes Ombud Service



Community Schemes Ombud Service

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human settlements
Department
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