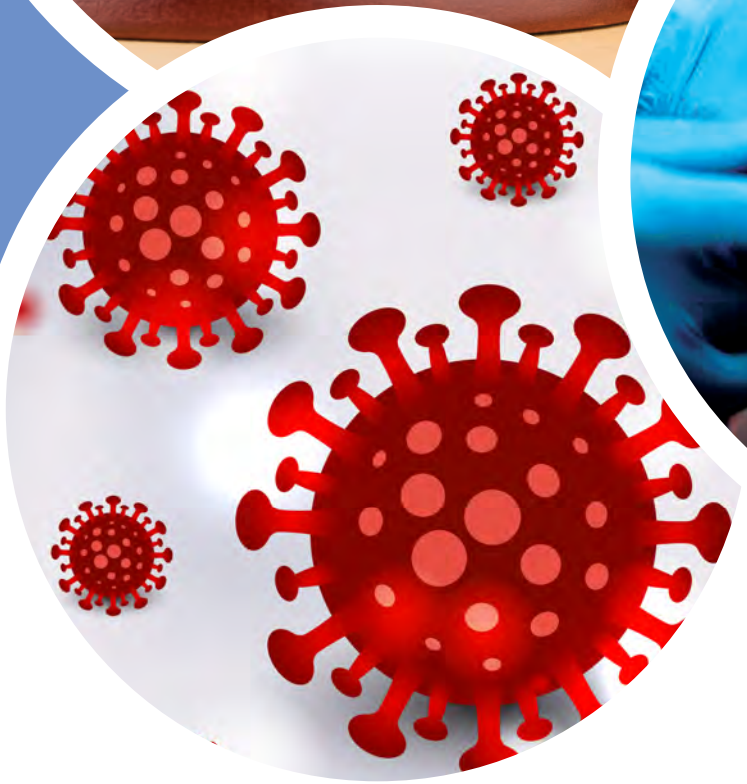
PFA
Pension Funds Adjudicator

Est. 1998

2020/21
Annual Report



Contents

Key figures

7 014

Complaints received

93.6%

In favour of complainants

10 940

Total complaints disposed of

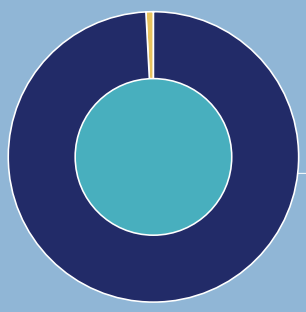
56%

Complaints finalised within six months

5 245

Formal determinations

Complaints carried over to 2021/22



Less than 6 months	2 093
More than 6 months	16

General Information

Country of incorporation and domicile	South Africa
Legal form of entity	The Office of the Pension Funds Adjudicator is a Public Finance Management Act (Act no. 1 of 1999) Schedule 3A public entity and statutory body established in terms of section 30B of the Pension Funds Act, 24 of 1956.
Nature of business and principal activities	The mandate of the OPFA is to dispose of complaints lodged in terms of the Pension Funds Act No.24 of 1956 in a procedurally fair, economical and expeditious manner.
Registered office	Block A, 4th Floor, Riverwalk Office Park 41 Matroosberg Road Ashlea Gardens Pretoria, 0081
Bankers	Standard Bank of South Africa Limited South African Reserve Bank
Website	www.pfa.org.za
E-mail Address	enquiries@pfa.org.za
Telephone	012 748 4000 012 346 1738

List of abbreviations

ACT	Pension Funds Act
AGSA	Auditor-General of South Africa
CFO	Chief Financial Officer
FSCA	Financial Sector Conduct Authority
FSRA	Financial Sector Regulation Act
NT	National Treasury
OPFA	Office of the Pension Funds Adjudicator
PFA	Pension Funds Adjudicator
PFMA	Public Finance Management Act
SCM	Supply Chain Management
TCF	Treating Customers Fairly
TR	Treasury Regulations

Vision, mission and values

VISION

To be a respected institution that is the arbiter of choice in pension fund complaints submitted to it in terms of the ACT.

MISSION

The mission of the OPFA is to resolve complaints in terms of the ACT.

VALUES

The OPFA will act professionally at all times. To this end the OPFA promotes the following values:

- Professional and technical competence
- Integrity
- Collaboration
- Stakeholder synergy
- Respect and dignity; and
- Impartially

Minister's foreword

"The OPFA's engagement with various stakeholders in the retirement funds industry provides an opportunity for the OPFA to build key relationships, educate, and respond to queries from stakeholders."

As the financial sector embraces the implementation of the Twin Peaks model of regulation in South Africa, the role of the Office of the Pension Funds Adjudicator (OPFA) continues to evolve to meet the strategic objective of treating customers fairly. Along with the inherent challenges resulting from the changes, the impact of the COVID-19 pandemic on the economy meant dealing with the reality of job losses and many members of retirement funds resorting to withdrawals to assist with financial relief in trying times. Under these challenges, the OPFA adapted its processes to effectively continue delivering on its mandate of disposing of complaints in a procedurally fair, economical, and expeditious manner.

One of the important changes in processes designed to achieve the fair treatment of retirement fund members, is the introduction of the Early Resolution Team through which the OPFA assists members to lodge their complaints directly with their respective funds for internal dispute resolution prior to the complaint being investigated by the Adjudicator. This positive development will serve the best interests of all stakeholders, and we are encouraged that it has been largely embraced by the retirement funds industry.

During the period under review, and despite challenges brought about by the COVID-19 pandemic, the OPFA was able to expand its services through the use of electronic and online mediums. A total of 7 014 complaints were received during the period of which more than 80% were received electronically. The number of complaints received through walk-ins to the office was reduced by 66.87% compared to the previous period. The OPFA also carried over 5 946 complaints from the previous financial year resulting in a total of 12 960 cases requiring to be finalised. More than 10 900 complaints were finalised in the current year – a 14.8% increase year-on-year – commend this achievement realised under challenging circumstances.

The private security sector remains the main contributor to new complaints received largely due to non-payment of contributions by employers in that sector. Engagements between fund officials and the OPFA led to a noticeable improvement in turnaround times to respond to complaints. However, some effort is still required to improve the quality of responses.

The OPFA's engagement with various stakeholders in the retirement funds industry provides an opportunity for the OPFA to build key relationships, educate, and respond to queries from stakeholders. Such engagements are always necessary and especially during this dynamic period of legislative changes in the retirement funds environment and key concerns relating to the impact of COVID-19.

The OPFA also continued to modernise its Information and Communication Technology (ICT) capabilities. The ICT infrastructure was strengthened to enable continued service delivery. The trend of submitting complaints electronically is expected to be part of the new norm and continued investment in the implementation of ICT systems to enable effective service delivery is of vital necessity.

I would like to acknowledge the exemplary leadership displayed by the Pension Funds Adjudicator and Deputy Pension Funds Adjudicator in leading the organisation through the necessary evolution during this period characterised by the new normal. The continued success of this Tribunal serves as a beacon of hope for aggrieved members of retirement funds and sets an excellent example for others to follow. My heartfelt gratitude goes to the staff of the OPFA who embraced a new way of working and still produced excellent results.

Finally, I would like to thank the governance structures of the Financial Sector Conduct Authority for agreeing to be extended to the OPFA and for the vitally important support they provide in ensuring that the organisation continues to deliver on its mandate of resolving retirement fund complaints effectively within the legislative framework. The continued collaboration between the respective organisations is encouraged and will serve to achieve greater good for the benefit of the retirement funds industry.

Mr E Godongwana

Minister of Finance

Message from the FSCA Commissioner

"The OPFA transition to the Financial Sector Regulation Act (9 of 2017) is well underway. The World Bank team appointed by the National Treasury to investigate and recommend an optimal operating model for all ombud schemes, will release its diagnostic report later in 2021 and this should contribute to the future realignment of ombud schemes in the financial sector."

The presentation of the 2020/2021 Annual Report for the Office of the Pension Funds Adjudicator is tabled in the context of the socio-economic turbulence brought about by the coronavirus pandemic. The OPFA was also forced to continuously review and implement operational measures in line with the Disaster Management Regulations issued from time-to-time. These measures entailed closure of the office to walk-in complainants, applying a roster to limit the number of employees at the office and employees working remotely.

The economic downturn did not result in an increase in complaints. In the year under review 7 014 new complaints were received, representing a 37.25% reduction from the prior year and 10 940 complaints were closed. The number of complaints closed includes those carried over from the previous reporting period, representing a closure rate increase of 13.93% from the prior year. Whilst the coronavirus may have played a role in the reduced number complaints received, another contributing factor was the revision of the complaints' handling process where funds were required to resolve premature complaints prior to consideration by the OPFA for a formal adjudication process. The boards of retirement funds, including administrators should continue to leverage their internal complaints processes to properly consider complaints to ensure fair and appropriate actions are taken.

The perennial non-compliance of employers with section 13A of the Pension Funds Act continues to be an issue of concern for the OPFA. It is, however, encouraging that the regulator is working on revised enforcement measures to bring about acceptable levels of compliance with section 13A of the Act.

The OPFA transition to the Financial Sector Regulation Act (9 of 2017) is well underway. The World Bank team appointed by the National Treasury to investigate and recommend an optimal operating model for all ombud schemes, will release its diagnostic report later in 2021 and this should contribute to the future realignment of ombud schemes in the financial sector.

In closing, I wish to thank the members of the FSCA Transitional Management Committee who, in acting capacities, took turns to provide oversight of the OPFA with remarkable support from the respective governance committees, to ensure that an effective system of governance, administration and internal control is maintained.

Lastly, I would like to express my gratitude to the Pension Funds Adjudicator and her team for executing their mandate with fairness and outmost diligence during this past financial year amid the challenges posed by the coronavirus pandemic.

Mr U Kamlana

FSCA Commissioner

Message from the Pension Funds Adjudicator

"The impact of the Disaster Management lockdowns can be witnessed in the reduction of the number of new complaints in the year under review to 7 014.

The OPFA seized this opportunity to revise its processes and procedures by introducing the referred to fund process in the second half of the year."

The year 2020/21 was one of the most challenging for the Office of the Pension Funds Adjudicator (OPFA), a situation I am certain is not unique to most institutions given the advent of the COVID-19 pandemic and its implications on organisations. The OPFA was not spared the need to adjust to a changed world whilst continuing to provide the mandated service to our stakeholders. Our services were interrupted with the requirements of various Disaster Management lockdown levels, sometimes leading to a suspension of certain services or the provision of scaled-down services.

The impact of the Disaster Management lockdowns can be witnessed in the reduction of the number of new complaints in the year under review to 7 014.

The OPFA seized this opportunity to revise its processes and procedures by introducing the referred-to-fund process in the second half of the year. This means that all premature complaints (those complaints not referred to fund/employers/administrators) are now referred to the other party to resolve with the complainant before such a complaint is lodged with the OPFA. This has allowed the OPFA to reduce its lead times as mostly ripe complaints would remain unresolved between the parties and lodged for formal resolution.

The reconsideration process at the Financial Services Tribunal (FST) is bearing fruit. Some of the matters referred for reconsideration have resulted in the OPFA adjusting its processes and procedures to ensure that parties are not unduly prejudiced. It is a welcome development in line with the status of the OPFA that a matter from the FST is referred back to the decision-maker for a fresh look. This is so especially as parties frequently present new facts to the FST that were not before the OPFA. In the next review period, we will have significant data to analyse the trends from FST decisions.

It is expected that the World Bank team will complete its diagnostic on the positioning and efficient functioning of financial services ombud schemes in the next financial year. From the research interactions thus far, the engagement has been thought provoking and fruitful, already resulting in the adoption of a few good practices in complaints resolution gleaned from the questionnaire and other best practices.

The OPFA also spent time and resources reviewing its structure, workflow processes and corporate support, especially the ICT offering. Resources were allocated to upgrades to allow us to work in a COVID-19 pandemic environment without negatively impacting on service delivery. Psychosocial support initiatives were also rolled out to staff to ensure that they are able to navigate an anxiety prone period.

My gratitude goes to the Transitional Management Committee members and the governance committees that navigated the OPFA through a stressful, demanding period which also tested the robustness of its commitment to good governance.

Last, but not least, I would like to thank all staff for their dedication and support, even as some suffered personal setbacks owing to the COVID-19 pandemic.

Ms MA Lukhaimane

Pension Funds Adjudicator

Statement of Responsibility and Confirmation of Accuracy for the Annual Report

FOR THE YEAR ENDED 31 MARCH 2021

To the best of my knowledge and belief, I confirm the following:
All information and amounts disclosed in the annual report are consistent with the annual financial statements audited by the Auditor General. The annual report is complete, accurate and is free from any omissions.

The annual report has been prepared in accordance with the guidelines as issued by National Treasury. The Annual Financial Statements have been prepared in accordance with the GRAP standards applicable to the public entity. The accounting authority is responsible for the preparation of the annual financial statements and for the judgements made in this report.

The accounting authority is responsible for establishing and implementing a system of internal control that 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.

In our opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the entity for the financial year ended 31 March 2021.

Yours faithfully,

Mr U Kamlana
FSCA Commissioner

Ms MA Lukhaimane
Pension Funds Adjudicator

Legislative and other mandates

The Office of the Pension Funds Adjudicator is a PFMA Schedule 3A entity established in terms of section 30B of the ACT with effect from 1 January 1998 to investigate and determine complaints lodged in terms of the ACT.

The mandate of the OPFA in terms of section 30D of the ACT is to ensure a procedurally fair, economical and expeditious resolution of complaints by:

- Ensuring its services are accessible to all;
- Investigating complaints in a procedurally fair manner; and
- Reaching a just and expeditious resolution of complaints in accordance with the law.

The OPFA is guided by its mandate and is committed to achieving its strategic goals and contributing to social protection of consumers of pension products and services by:

- Being a trusted, independent and impartial Pension Funds Adjudicator;
- Being an organisation that leads by example and committed to service excellence;
- Providing access to consumers;
- Educating and informing consumers of their rights; and
- Establishing meaningful and collaborative relationships with stakeholders.

The OPFA's strategic objectives over this period focus on discharging the mandate of the OPFA; improving and maintaining its operations and having informative and value-adding interactions with its stakeholders. The goals include the following:

- Strategic goal 1: Disposing of complaints received;
- Strategic goal 2: Achieving operational excellence; and
- Strategic goal 3: Maintaining effective stakeholder engagement.

The OPFA is committed to the National Development Plan 2030. The OPFA holds role players in the retirement fund industry to account as it reinforces measures put in place by the State (Social Protection) to make pensions safe and sustainable. By resolving complaints, the OPFA lays the basis for more acceptances of the envisaged mandatory savings. Through its involvement in the various tertiary institutions providing pension law training, the OPFA supports the development of specialised pension law programmes (further education and training), that in turn lay the basis for universities to conduct research in the sector.

Through its organisational development activities the OPFA strives to create a society where equal opportunities are granted and employees demonstrate their commitments by accepting that they have both rights and responsibilities (nation building and social cohesion).

Management Committee

Pension Funds Adjudicator
Muvhango Lukhaimane

Chief Financial Officer
Bulelani Makunga

Deputy Pension Funds Adjudicator
Matome Thulare

Human Resource Manager
Vidette Brancken

Senior Legal Advisor
Naheem Essop

Senior Assistant Adjudicator – Team Leader
Vacant

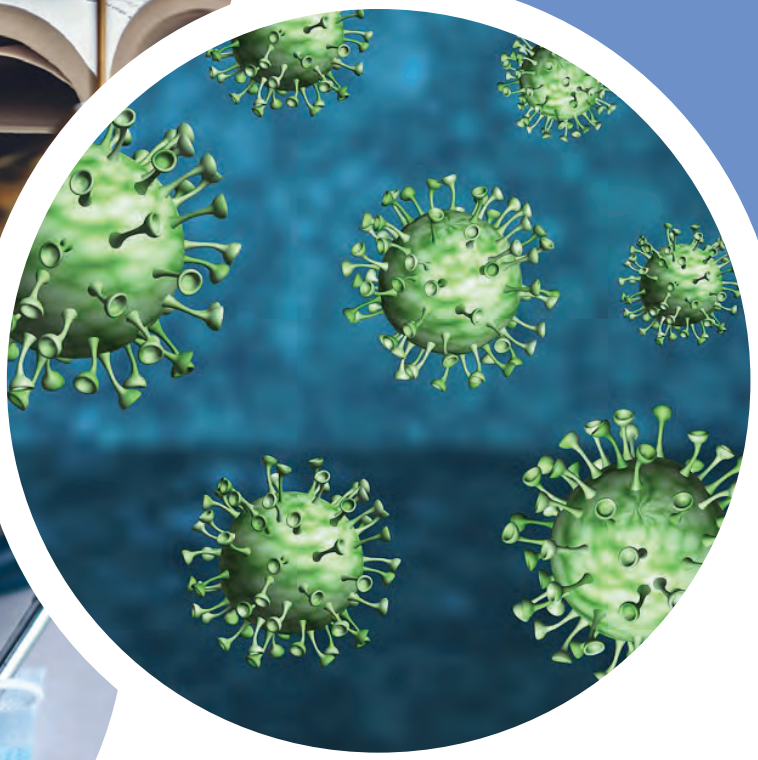
Senior Assistant Adjudicator – Team Leader
Silas Mothupi

Senior Assistant Adjudicator – Team Leader
Vacant

Early Resolution Manager – (Acting)
Tshepo Dooka Rampedi

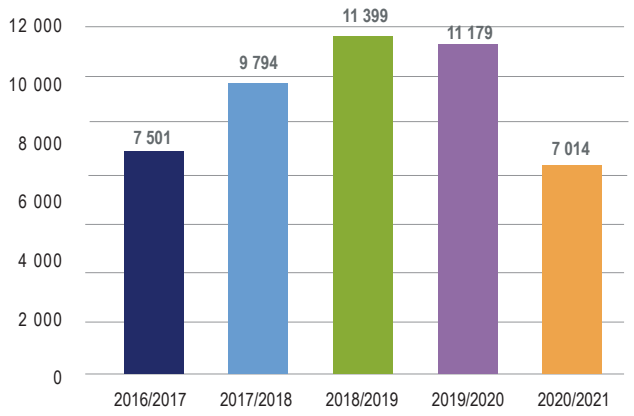
New Complaints Supervisor
Wilana Groenewald

PART B:
OPERATIONAL REPORT



New complaints

The office received 7 014 new complaints during the financial year. We also carried over a significant number of complaints from the 2019/20 financial year – 5 946, with 1 602 of those already over the six-month mark. This was partly due to some funds with a high volume of complaints not submitting responses timeously and also due to a less than successful change management process in the last quarter of 2019/20, resulting in a slowdown in finalisation of matters.



New complaints, therefore, represent a 37.25% reduction from the prior year. The reduction was across most channels receiving complaints, from emails to walk-in complainants. Complaints lodged through the website showed a welcome increase as we look to increase access to more electronic platforms. In the initial months of the lockdown, through to the beginning of July, the volume of new complaints was notably down. However, with the gradual easing of restrictions, complaints soon normalised to pre-COVID-19 levels

From September 2020, the office implemented a revised complaints' management process in order to deal with ever-increasing administrative-related complaints such as requests for benefit statements, clarification of information, completion of claim forms, requests for breakdown of benefits payout and non-payment of benefits. The new process was also aimed at addressing the interpretation of section 30A(1) of the Pension Funds Act (the Act) which gives an option to the complainant to first approach the fund/administrator/employer with his/her complaint before lodging same with the office.

It has also become clear with the complaints management process over the years that most administrators have built some capacity to deal with administration-related complaints or enquiries especially in preparation for the implementation of the Treating Customers Fairly (TCF) regime. The only reason that these complaints are still being referred to the Office of the Pension Funds Adjudicator (OPFA) in the first instance is because complainants are unaware that they may first seek clarity from the fund but also in instances where they have done so, there is either lack of trust with the employer/fund/administrator or the complainant requires a written response with proof of performance. Funds will be requested to remind complainants of their internal complaints management processes on a regular basis.

The revision of the complaints process will also ensure that those funds accredited by the Financial Sector Conduct Authority (FSCA) in terms of section 30E(1)(b) of the Act to implement internal complaints resolution processes are given the opportunity to do so. For these funds, it would only be in instances where a dispute remains unresolved after the fund has attempted to deal with same, that the OPFA would get involved. The OPFA also defers to these funds the legislated responsibility to resolve complaints for outstanding retirement fund contributions in terms of their agreed processes with employers.

The OPFA's attempt to redirect all complaints related to non-compliance with section 13A of the Act to boards of management as a means to first exhaust all other avenues and follow the prescribed recovery processes in the Act, was rejected by the Financial Services Tribunal (FST) in National Fund for Municipal Workers v Pension Funds Adjudicator and Tswaing Municipality (PFA25/2020). From the OPFA's side, this was an attempt to get boards of management to comply fully and timeously with the administrative requirements of the Act to protect the

interests of members before escalating these non-compliance issues to the OPFA. The OPFA is set up to resolve genuine complaints where an impasse has been reached and not to interfere with regulatory processes where alternative measures have been provided for the enforcement of such measures. However, as is usually the case in instances like this, the failed attempt was not without relief as the FSCA then acted to ensure that the section 13A non-compliance problem in the municipality sphere is dealt with.

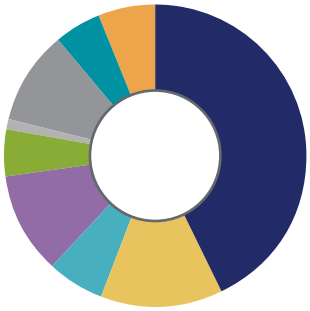
The Private Security Sector Provident Fund (PSSPF) remained the biggest contributor to new complaints. However, in this reporting period, under statutory management and having increased its complaints management capacity (both in terms of systems and case administrators), their turnaround times have improved. The only outstanding concern remains the quality of responses that notably require follow-ups and the fact that the fund has failed to take advantage of the revised complaints' management process as there is no attempt at all on its part to resolve complaints directly with members. The quality of some of the responses required that the OPFA raises the appearance of systematic problems with fund governance and administration with the FSCA, as the regulator.

How complaints were received

Email	Letter	Fax	Website	Walk-in	Total
4 479	217	165	978	1 175	7 014

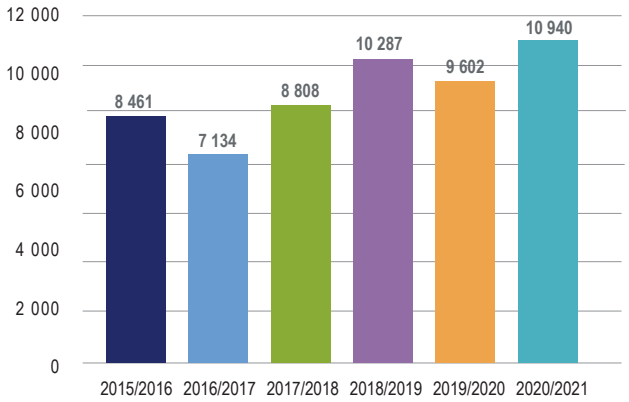
Largely driven by the advent of COVID-19, 4 479 complaints were received by email, 978 through the website and only 1 175 were instances where complainants visited the office. There was a significant reduction in complainants that visited the office, from 3 547 the previous year. There was also a notable reduction in complaints received via email, from 5 386 in the previous year. The walk-in complaints reduced by 66.87% year-on-year whilst the email ones reduced by 16.84%. The reduction in complaints received via email might be as a result of access to email facilities.

Where complaints were received from



Gauteng	43%	Northern Cape	1%
KwaZulu-Natal	13%	Western Cape	10%
Limpopo	6%	Foreign Country	0%
Mpumalanga	11%	Eastern Cape	5%
North West	5%	Free State	6%

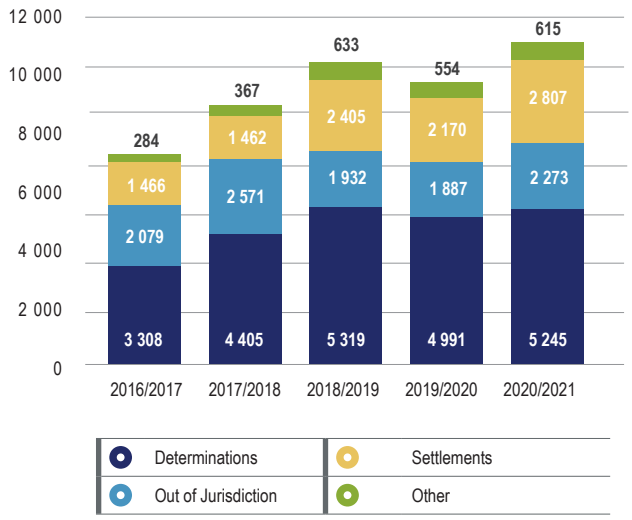
Total complaints finalised



10 940 complaints were closed in the period. The increase is due to the complaints carried over from the previous reporting period. This closure rate represented an increase of 13.93% from the previous period.

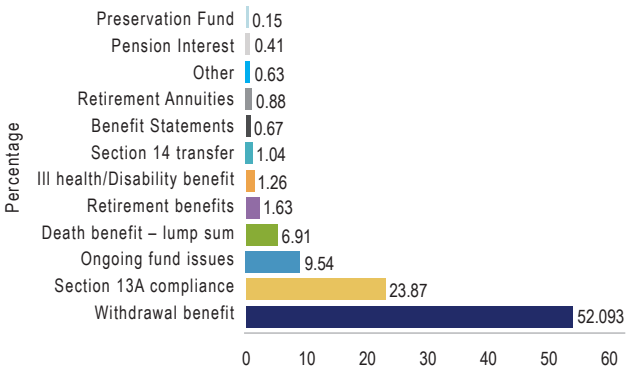
Operational report continued

Total complaints finalised



5 245 complaints were closed by way of formal determinations, 2 807 matters were settled, whilst 615 were closed for other reasons. 2 273 complaints were deemed as out of jurisdiction and, therefore, could not be investigated further by the OPFA. Determinations increased by 5.09% year-on-year whilst settlements increased by 29.35%. The increase in settlements is a welcome trend whilst the increase in the number of matters deemed as out of jurisdiction remains a concern. This means that employers/funds/administrators need to improve on communication and educational initiatives to members to ensure that they are aware of where to complain and what the issues are that the OPFA may investigate.

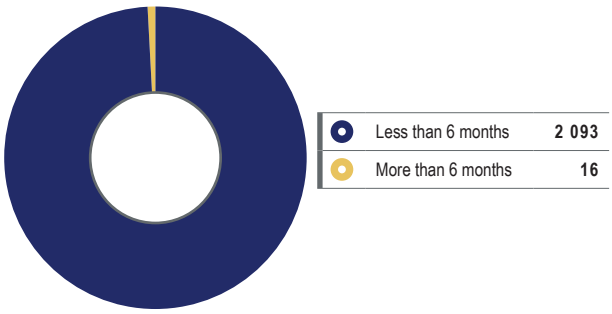
Nature of complaints closed



Withdrawal benefits remained the highest category of complaints at 52.93%. Complaints relating to the non-payment of retirement fund contributions (section 13A compliance) came in second at 23.87%. Both withdrawal benefit and section 13A complaints involve complainants claiming their withdrawal benefits and there being delays in the payment thereof either because proper documents have not been submitted to the fund or more commonly a partial payment has been made/no payment has been made at all owing to non-payment of (full) contributions or the failure to register the complainant as a member of the fund in the first place whilst deducting the requisite contributions from their monthly salary. The number of complaints lodged by funds against employers for non-payment of contributions in terms of section 13A have also increased.

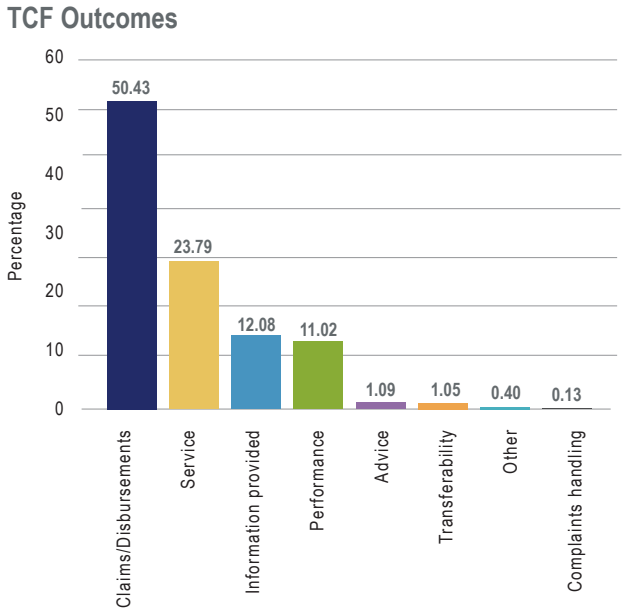
6.91% of complaints finalised related to the payment of death benefits in terms of section 37C of the Act. Clarity continues to be provided to funds by the OPFA, the FST, the various High Courts and the Supreme Court of Appeal on the interpretation of section 37C. It is most prudent that funds/administrators invest in training initiatives within their boards of management or organisations to ensure that technical expertise or knowledge on how to deal with death benefit payments is shared and maintained. The lack thereof is apparently clear from the issues that get misinterpreted as these are often not complex at all nor do they raise novel issues.

Age of active complaints – 31 March 2021



As at 31 March 2021, the OPFA had 2 109 active complaints remaining unresolved. Of those, only 16 were older than six months. This state of affairs can largely be credited to the revised complaints' management process and the improvement in the quality of responses received.

Treating Customers Fairly (TCF) Outcomes



The number of complaints received in relation to non-payment/late payment/partial payment of claims remains of concern. These represent 74.22% of complaints. Hence the revised complaints management process should be able to assist further by ensuring that the fund/administrator is prompted to resolve the complaint directly with the complainant before referring it to our office. As the process becomes embedded and the data statistically significant, referrals will be made to the FSCA to deal with those regulated entities that are failing to abide by the TCF outcomes.

The next highest outcomes are related to information provided and performance of products. Again, these are outcomes that are within the parties' competence to improve on. All in all, the top four outcomes represent 97.32% of all complaints. It can, therefore, be safely concluded that funds/administrators/ employers need to put measures in place to improve on TCF outcomes and they must be held accountable for this in order to improve the member experience.

Stakeholder Management

Owing to the nature of the work the office does, it is important to build relationships, keep in touch with our stakeholders, respond to their enquiries and assist them as far as possible. When the COVID-19 restrictions were announced at the end of March 2020, the office had to close its doors to the many walk-in complainants that visit our office. Communication on interim measures was immediately disseminated on all our platforms to ensure that stakeholders were not left in the lurch. In this regard, the office is indebted to industry forums such as Batseta, the Institute of Retirement Funds Africa (IRFA) and the Pension Lawyers Association (PLA) for affording us the opportunity to interact on their platforms.

In the run up to the introduction of the revised case management process, stakeholder lists and contact details were updated, seminars held and feedback incorporated where necessary. The findings from the stakeholder engagement survey were also infused into our processes and activities.

Operational report continued

Over the year, the OPFA held interactions with the following stakeholders:

FUNDS

Corporate Selection Umbrella Fund
Impala Pension Fund
Municipal Gratuity Fund
Private Security Sector Provident Fund
Transport Sector Retirement Fund
Momentum Retail Funds

ADMINISTRATORS

NBC Holdings (Pty) Ltd
Salt Employee Benefits (Pty) Ltd

INDUSTRY BODIES/CONFERENCES

Batseta Winter Virtual Conference
IRFA Virtual Conference
INFO Network Webinars
IRFA Legal and Tax Committee meeting

Articles were also published in the following print media:

- FAnews
- Pensions World SA

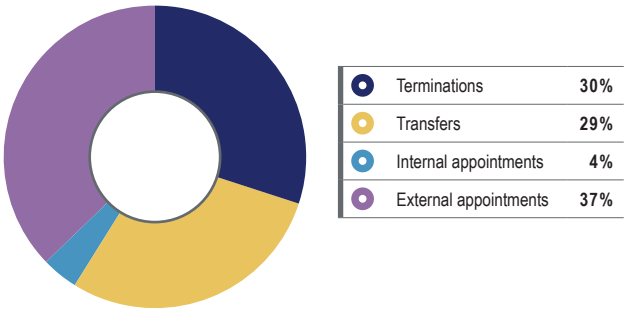
Interviews were held on the following radio and TV platforms:

- Motsweding FM
- Vuma FM
- Munghana Lonene FM
- UKhozi FM
- IKwekwezi FM
- Phalaphala FM
- ENCA

The OPFA has also resumed its participation in the National Consumer Financial Education Committee at National Treasury.

Human Resources

The OPFA had an approved staff establishment of 68 employees as at 31 March 2021, including positions on a fixed-term contract. During the year under review, 19 appointments were made comprising four (4) key management positions, four (4) professional staff, two (2) middle managers, five (5) administrative staff and four (4) legal interns. Two (2) of the five (5) Administrative staff were legal interns that were subsequently absorbed.



Two (2) internal appointments were made, both employees were appointed from Case Officer to Junior Assistant Adjudicator.

15 employees resigned during this period, five (5) of whom were regrettable.

The OPFA has six (6) vacant positions as at 31 March 2021, varying in length from 0-8 months. Due to the variety of skills required at management level, filling vacancies is challenging. Headhunting agencies were enlisted to assist with sourcing of candidates. More effort will be put into processes in order to ensure successful integration and performance at management level.

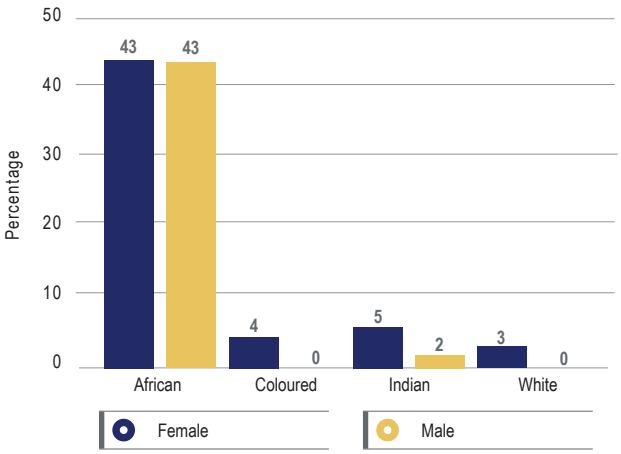
Four (4) employees reached their five-year employment milestone with the organisation. They received a token of appreciation in recognition of this.

Operational report continued

Employment Equity

The Employment Equity Forum (EE Forum) meets quarterly to present targets and plan initiatives. The EE forum is also involved in the ratification of processes where the selection panel is unable to shortlist an EE candidate. Employment Equity reports were timeously submitted to the Department of Labour.

The OPFA managed to appoint an African male living with disability. Due to staff turnover and some critical vacancies, the OPFA has not achieved the target of 87% Africans. In order to achieve Employment Equity targets, two (2) management positions are targeted to be filled with African/Indian females.



Population Group	Female		Male	
African	25	43%	25	43%
Coloured	2	3.4%		0%
Indian	3	5.2%	1	2%
White	2	3.4%		0%
Total	32	55%	26	45%

Representation at management levels

	Executive management		Senior and middle management	
Levels	**Female**	**Male**	**Female**	**Male**
African	1	2	0	1
Coloured	0	0	0	0
Indian	0	0	0	0
White	0	0	2	0
Total	**1**	**2**	**2**	**1**

Performance management remains a key focus area in our human resources administration. Quality control of draft determinations is performed by team leaders on a regular basis with emphasis on sharing best practice and new developments.

The OPFA managed to roll out its training as per the table below. The OPFA invests in the development and training of its employees which forms a significant component to its success. Only 52% of the training plan was implemented, owing to the outbreak of the COVID-19 pandemic and the inability to source service providers for industry-specific training for professionals. However, internal training initiatives were ramped up to ensure capacity building.

External Training	Internal Training
Legal Drafting	Refresher course on Section 37D and 37C
A refresher session on the Case Management System	Death benefits and withholding of benefits
Health and Safety	Default Regulations (Regulations 37, 38, 39 and 40)
Risk Management	Prescription, time-barring, and time Limitation clauses
Operations Management Training	Risk and Compliance users
Pension law training	

Personality assessments were done in February 2021 for all staff and individual employees received feedback from the service provider. The feedback received will be used as an engagement tool to assist employees not just at work, but primarily around understanding themselves better to establish strengths and weaknesses.

A wellbeing survey resembling the one implemented by the International Network and Financial Services Ombudsman (INFO Network), was carried out to ascertain the wellbeing of employees. The results will be discussed in sessions with employees. Overall, employees are in good health, on average satisfied with life as a whole and strongly agree in leading a purposeful and meaningful life. Most employees are satisfied with their current jobs and work relationships. Matters such as uncertainty, anxiety and change management have been identified as concerns and plans will be put in place to address these over the next 12 months.

COVID-19 Management

Useful information as well as updates on new developments on the COVID-19 Pandemic were shared with staff throughout this period. The OPFA developed COVID-19 Guidelines and Protocols in line with the Disaster Management Act No. 57 of 2002 and related regulations.

There were seven (7) confirmed cases during the year and all have fully recovered.

Migration to the FSCA Pension Fund

The Board of the FSCA Pension Fund approved the participation of the OPFA in the fund with effect from 01 September 2020. The OPFA commenced its migration from the Allan Gray Retirement Annuity Fund (Allan Gray Fund) to the FSCA Pension Fund. Effective 01 August 2020, all new employees joining the OPFA automatically joined the FSCA Pension fund, while existing employees were given the option to either remain with the Allan Gray Fund or move to the FSCA Pension fund. Three (3) employees remained with the Allan Gray Fund and forty-nine (49) migrated to the FSCA Pension fund.

Mr Bulelani Makunga (CFO) is the elected board member to represent the OPFA whilst Mr Naheem Essop (Senior Legal Advisor) is the alternate for a four-year term effective 4 November 2020.

Information and Communication Technology (ICT)

The OPFA continued with its objective of using ICT as one of the strategic enablers to achieve its mandate and strategic outcomes. In the financial year 2020/21, the requirement for using ICT was elevated due to lockdown restrictions necessitated by the COVID-19 pandemic.

As part of the strategic goal of operational excellence, the ICT unit focussed on technologies that enabled users to communicate with stakeholders and internal staff effectively during lockdown. Some of the technologies implemented included the implementation of Office 365 which allowed the OPFA to also implement Microsoft Teams which is now the main tool that enables virtual meetings and calls. The mobile device security management process was also strengthened to protect the devices that are used outside the office. Other technologies implemented included the introduction of the secondary telephone line.

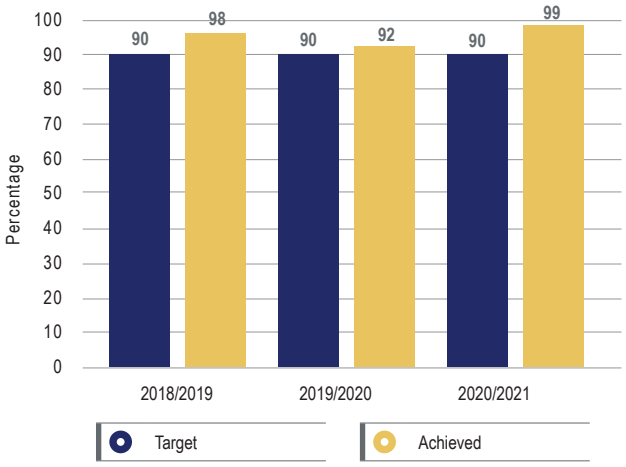
The OPFA continued with the phased approach to modernise its ICT infrastructure and platforms. In this regard, the OPFA procured and installed new equipment at the disaster recovery site. Furthermore, the new ICT back-up infrastructure and software were procured and installed at both the production and disaster recovery sites. Laptops have been procured for all users with laptops that are out of warranty to ensure that all users are able to work from anywhere. The rollout of the remaining laptops will be completed in quarter one of the next performance period.

The OPFA continued to implement its ICT governance policy, by effective management of the ICT function through various internal and external governance committees. The existing policies and procedures are being implemented progressively. Over and above management of ICT audits and risk internally, the Oversight Risk Committee provided the necessary guidance. To ensure business continuity, a full ICT Disaster Recovery test was conducted.

To achieve an optimal IT Operational environment, a formal maintenance weekend was scheduled once a month. Day to day incidents were attended timeously in line with the Service Level Agreement (SLA).

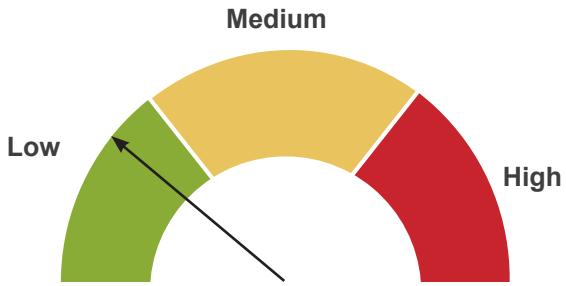
The graph below indicates that the performance against the SLA targets has improved. Over 99% of ICT environment availability was achieved in the period under review.

ICT Operational Performance (3 years)



ICT Security and Business Continuity

The OPFA continued to implement a multi-layered ICT security control to protect the ICT assets and information. The OPFA has implemented various tools to assist in improving the security posture of the organisation. Over and above this, a vulnerability assessment is conducted monthly and the remediations are implemented accordingly. This process is supported by a cyber intelligence process that assists the OPFA to pick up potential risks to the environment. The picture below indicates the state of the ICT security exposure at the end of the financial year.



Risk Dashboard
ICT Security Risk Rating: Low
Assessment: March 2021

The OPFA will continue to invest in its cyber security improvements in the next financial year.

B-BBEE COMPLIANCE PERFORMANCE INFORMATION

Based on the B-BBEE verification conducted for the year under review, the OPFA received a B-BBEE contribution status level 8, which is the same level obtained in the prior year. The development areas are primarily due to the Skills development element, where the current OPFA traineeship programme does not meet the criteria for point scoring and training was not sufficiently budgeted for and fully implemented to achieve an acceptable score. The OPFA will endeavour to improve this going forward.

Element	Weighting points	Score achieved
Management control	20	18.34
Skills development	25	0.95
Enterprise and supplier development	50	30.90
Socio-economic development	5	5
Overall score	100	55.19
Level of compliance obtained		8.00

Operational report continued

Measurement of the management control element			
Criteria	**Weighting points**	**Compliance Target**	**Score**
Board participation			
Exercisable voting rights of black board members	2	50%	1.45
Exercisable voting rights of black female board members	1	25%	1.00
Black executive directors as a percentage of all executive directors	2	50%	2.00
Black female executive directors as a percentage of all executive directors	1	25%	1.00
Other executive management			
Black Executive Management as a percentage of all Executive Management	4	60%	4.00
Black female Executive Management as a percentage of all Executive Management	2	30%	2.00
Middle management			
Black employees in Middle Management as a percentage of all Middle Management	2	75%	1.80
Black female employees in Middle Management as a percentage of all	1	38%	0.69
Junior Management			
Black employees in Junior Management as a percentage of all Junior Management	2	88%	1.68
Black female employees in Junior Management as a percentage of all	1	44%	0.97
Junior Management			
Black employees with disabilities as a percentage of all employees	2	2%	1.75
TOTAL	**20**		**18.34**

Skills development element			
Criteria	**Weighting points**	**Compliance Target**	**Score**
Skills development expenditure on learning programmes specified in the learning programme matrix for black people as a percentage of the leviable amount	9	6%	0.95
Skills development expenditure on learning programmes specified in the learning programme matrix for black people with disabilities as a percentage of the leviable amount	4	0.3%	0.00
Learnerships, apprenticeships and internships			
Number of black people participating in Learnerships, Apprenticeships and Internships as a percentage of total employees	6	2.5%	0.00
Number of black unemployed people participating in training specified in the learning programme matrix as a percentage of total employees	6	2.5%	0.00
Bonus points			
Number of black people absorbed by the measured entity and industry at the end of the learning programme	5	100%	0.00
TOTAL	**30**		**0.95**

Operational report continued

Enterprise and supplier development element			
Criteria	**Weighting points**	**Compliance Target**	**Score**
B-BBEE Procurement Spend from all Empowering Suppliers as a percentage of Total Measured Procurement Spend	5	80%	5.00
B-BBEE Procurement Spend from all QSE Suppliers as a percentage of Total Measured Procurement Spend	4	15%	0.65
B-BBEE Procurement Spend from all EME Suppliers based on the B-BBEE Procurement Recognition Levels as a percentage of Total Measured Procurement Spend	5	15%	5.00
B-BBEE Procurement Spend from Empowering Suppliers that are at least 51% black owned as a percentage of Total Measured Procurement Spend	11	40%	11.00
B-BBEE Procurement Spend from Empowering Suppliers that are at least 30% black women owned as a percentage of Total Measured Procurement Spend	5	12%	5.00
Bonus points			
B-BBEE Procurement Spend from Designated Group Suppliers that are at least 51% black owned	2	2%	2.00
Supplier development			
Annual value of all Supplier Development Contributions made by the Measured Entity as a percentage of the target	15	2% of NPAT	2.25
Enterprise development			
Annual value of Enterprise Development Contributions and Sector Specific Programmes made by the Measured Entity as a percentage of target	5	2% of NPAT	0.00
Bonus points			
Bonus points for graduation of one or more Enterprise Development beneficiaries to graduate to the Supplier Development level	1		0.00
Bonus point for creating one or more jobs directly as a result of Supplier Development and Enterprise Development initiatives by the Measured Entity	1		0.00
TOTAL	**54**		**30.90**

Socio-economic development element			
Criteria	**Weighting points**	**Compliance Target**	**Score**
Annual value of all Socio-Economic Development Contributions and Qualifying Socio-Economic Development Contributions made by the Measured Entity as a percentage of the target	5	1% of NPAT	5

Message from the legal desk

"The OPFA fully embraces the principles of protecting personal information as set out in the Protection of Personal Information Act (POPIA) and has appointed an external service provider to assist the OPFA with the implementation of the legislative requirements."

The year in review saw the position of Senior Legal Advisor at the OPFA being created and me being appointed into the role. The demands in fulfilling the organisation's mandate meant that a specialised resource dedicated to legal research, advice and training became necessary in the dynamically-changing landscape of retirement fund legislation. Through my appointment, the OPFA is heard on proposed legislation as it (the OPFA) is perhaps best placed to comment on how retirement funds and administrators should implement the TCF principles slowly being embedded into legislation.

Litigation functions have since been in-sourced especially in relation to section 30P applications at the High Court where the OPFA is merely an observer and no relief is sought against it. The adoption of the Twin Peaks model of regulation introduced the Financial Services Tribunal with a mandate to, amongst other things, hear applications for reconsideration of OPFA determinations. Much like the OPFA, the free and easily accessible process of the Tribunal is an effective means of providing access to justice for aggrieved persons and on this front the interests of the OPFA are represented by the Senior Legal Advisor. The OPFA has always strived for a stakeholder inclusive approach and the OPFA's interests in industry bodies serving the retirement funds sector are also represented by myself.

COVID-19

The South African retirement funds industry did not escape the far-reaching effects of the global pandemic and members certainly felt the hit of COVID-19's effect on the markets during period under review. Naturally, the downturn gave rise to complaints (merited or not) relating to the investment of members' retirement savings and delays in processes for disinvesting and making payments - funds withdrawn during the national lockdown were more likely to have suffered losses whilst those that remained invested have seen something of a recovery. Funds that fully embraced the default regulations would have had a complete response to a complaint and in that regard, the timing of the effective date of the regulations appears to have been somewhat preordained. The negative effects of COVID-19 are likely to linger and quick-fix reactionary responses that compromise legislation should best be avoided.

Protection of personal information

The OPFA fully embraces the principles of protecting personal information as set out in the Protection of Personal Information Act (POPIA) and has appointed an external service provider to assist the OPFA with the implementation of the legislative requirements.

Message from the legal desk continued

In the disposal of complaints, the OPFA performs a judicial function and as provided in section 6 of POPIA, the requirements of POPIA are excluded from judicial functions. Nevertheless, the OPFA through its internal policies will implement the principles surrounding the protection of personal information received through the complaints process. As the Deputy Information Officer of the organisation, I oversee the fulfilment of the legislative requirements as well as adherence to internal policies.

Financial Services Tribunal

The Financial Services Tribunal, as a successor to the previous Financial Services Appeal Board, has been in operation since 2018 and is mandated to hear applications for reconsideration of OPFA determinations. This has been a positive development available for aggrieved persons to utilise a process that is conducted with little formality and technicality, and as expeditiously as the requirements of the financial sector laws and a proper consideration of the matter permit. Nevertheless, some consideration needs to be given to the refinement to the Financial Sector Regulation Act insofar as it states that a reconsideration of a decision constitutes an internal remedy as contemplated in section 7(2) of the Promotion of Administrative Justice Act whereas it has been held in various case law that the OPFA performs a judicial function i.e. not an administrative function. This anomaly gives rise to an issue about which decisions of the OPFA are intended to be the subject of reconsideration applications.

Furthermore, the Tribunal is not empowered to substitute OPFA determinations and may only remit a matter to the OPFA for reconsideration in the event that the Tribunal disagrees with a determination. This gives recognition to the legal principle of deference and the role of the Adjudicator as an expert decision-maker in relation to retirement fund complaints. The OPFA will ensure that all matters referred for reconsideration are prioritised in order to promote access to justice.

Statistical information

The statistical information on FST applications is reported for the first time in the year under review due to transitioning process of establishing a system for collation, monitoring and reporting of such information.

FST Applications

Applications for reconsideration	114
Determinations remitted for reconsideration*	14
Applications dismissed*	40
Applications lapsed*	30
Applications withdrawn*	7

** Includes decisions received from the FST during the period under review in respect of applications commenced prior to the period of review.*

Section 30P: 26 applications received. The OPFA does not participate in applications where no relief is sought against it.

Conclusion

On a personal note, the experience of being appointed as the first OPFA Senior Legal Advisor has been educational and fulfilling. The leadership of the organisation has provided valuable support and the guidance from the Adjudicator and the Deputy Adjudicator have made the transition into the role effortless. The exceptional work ethic of the staff is truly motivating, and is no doubt also inspired by the leadership. Perhaps, from an external viewpoint, one does not fully appreciate the challenges met by the OPFA on a daily basis, but it is truly awe-inspiring and humbling once experienced from within. I am grateful for the opportunity to serve in such an organisation and optimistic about the unchartered territory that lies ahead.

The next phase of implementation for the Twin Peaks model is exciting and will include the establishment of the Ombud Council, the enactment of COFI, and public sector retirement fund members' complaints falling within the jurisdiction of the OPFA. The refinement of section 37C is another important project that is being keenly watched by all industry players. Issues surrounding the compulsory annuitisation of provident funds are also only likely to arise in the next few years regard being had to the exclusions. It is predictable that these and other issues will arrive with their own challenges, but one is confident that the OPFA as an organisation will meet them.

Key determinations issued by the OPFA during the period under review will be discussed in the next section of the report.

Naheem Essop
Senior Legal Advisor

Summary of important determinations

Non-compliance in the private security industry remains a challenge

An employee complained to the OPFA about the failure of his employer to pay all provident fund contributions on his behalf to the Private Security Sector Provident Fund (PSSPF). The complainant was employed with the security company since 1 March 2018. He said that his employer deducted monthly provident fund contributions from his salary yet failed to consistently remit same to the PSSPF.

The PSSPF submitted that it commenced receiving contributions on behalf of the complainant from 31 March 2018 with the last contribution received on 31 January 2019.

Despite giving the employer an opportunity to respond to the complaint, it failed to do so.

In the determination, it was found that the employer owed provident fund contributions since February 2019. The regulations provide that any failure to pay contributions continuously for 90 days must be reported to the National Prosecuting Authority and the PSSPF was required to make such a report against the employer. It does not appear that the PSSPF (under statutory management) took any steps to report the matter as required.

The employer was ordered to pay over the outstanding contributions to the PSSPF.

Fund ordered to pay withdrawal benefit in terms of its rules

The complainant was employed at City of Tshwane Local Municipality (Tshwane) from 1 June 2007 until 31 August 2019 and was a member of the Municipal Employees Pension Fund (MEPF).

Following his termination of service with Tshwane, the complainant commenced employment with the City of Mbombela Municipality (COMM) on 1 September 2019 for a limited period of five years without a pension scheme. The complainant submitted withdrawal forms to the MEPF and had not been paid his benefit nor did he receive a formal response in respect of his withdrawal forms. The complainant submitted that he personally visited the MEPF's offices in September 2019 and was informed that the MEPF's policy did not allow payment of his withdrawal benefit.

The MEPF submitted that in terms of its rules "a member shall not cease to be a member while he remains in the service of a local authority". It confirmed that the COMM is a participating employer in the first respondent. The first respondent further submitted that the complainant is not permitted to withdraw from it and that the COMM is obliged to continue paying contributions on behalf of the complainant to the MEPF.

The determination held that the rule that the fund relied on did not refer to the situation that the complainant found himself in i.e., the complainant had left the service of a local authority and had thereafter been employed on a contractual basis for a limited period by another participating employer in the MEPF. He said if the complainant had been re-employed, he would not be entitled to a withdrawal benefit when he left the service of Tshwane and joined the COMM.

"It is apparent that this is not the case and that the rule cannot be used as justification for not paying the complainant his withdrawal benefit. The rule applies to a member who remains in service of a local authority participating in the fund; not one who has left and been re-employed."

"There does not appear to be any purpose behind not paying the withdrawal benefit to a member who has been re-employed by another participating employer on terms and conditions that do not require the member to continue being a contributory member of the first respondent."

The Fund was ordered to pay the complainant his withdrawal benefit with interest.

Fund ordered to pay for costs of DNA test, if required

Masakhane Provident Fund's (the fund) decision to distribute 50% of the death benefit was set aside and it was ordered to determine an equitable distribution of the whole of the deceased's death benefit (not just the remaining 50%).

The deceased member left behind his permanent life partner who was pregnant at the time of his death and financially dependent on him. The life partner gave birth to the child after the member died. The status of the life partner as a spouse and the paternity of the child appeared to be supported by the family members of the deceased. The deceased's son (from another relationship) had assisted the life partner in submitting her claim to the fund. The fund never contacted the deceased's son directly during its investigations and eventually decided to exclude the child and the life partner from the distribution of the deceased's death benefit.

The life partner heard about the fund's decision from a friend and upon enquiry with the fund was told to communicate with the family of the deceased about a DNA test. However, the family denied being aware of this. In her complaint, the life partner submitted that she requested a full explanation from the fund, However, this was met with threats by an employee of the fund that she would not receive anything without the paternity test. The life partner submitted that she did not object to a DNA test (and attached copies of correspondence exchanged with the fund as proof of same) but also pointed out that she was nominated by the deceased and, therefore, deserved to be treated with respect.

In response to the complaint, the fund submitted that it was willing to redistribute the death benefit on condition that the child undergoes a DNA test.

Adjudication Team

Muvhango Lukhaimane

Matome Thulare

Naheem Essop

Carmen Kotshoba

Lucas Flink

Summary of important determinations continued

The response from the fund was found to be grossly inadequate and, in some respects, misleading because the mother of the child had always indicated to the fund that she was willing to subject the child to a DNA test. The PFA said with regard to the fund's response:

"In the first instance, it fails to take into account that the complainant has already indicated her willingness to subject the child to a DNA test and submits that the complainant refused a DNA test. Unfortunately for the first respondent, this is not borne out in the correspondence attached to the complaint. In the said correspondence, the complainant clearly stated her position as not objecting to a DNA test."

Despite this, the fund requested the PFA to dismiss the complaint on the basis of her refusing to agree to a DNA test. Alternatively the fund requested that the PFA order the complainant to subject the minor child to a paternity test.

The PFA found that the fund was attempting to shift the blame for its failure to conduct a proper investigation and failed to explain its reasons for excluding the permanent life partner. In this regard, it was held that the fund's attempt to explain away its failure by relying on the absence of a DNA test conflated issues between that of the permanent life partner's dependency and the child's dependency. In this regard, the determination said:

"It is not clear how the complainant's dependency or nomination can be forfeited by the absence of a DNA test…"

Case management team 1

Yolande Van Tonder

Tsebiso Makgabo

Matome Rabothata

Mashudu Matovheke

Atlegang Tshidi

Nontobeko Bhila

Polo Shwaepane

Gift Mudau

Neo Mashigo

Lesley Ratsebe

Khutšo Mafokwane

The fund failed to answer the allegation made by the life partner that she was a nominee of the deceased and had also failed to respond to several attempts by the complainant to get an explanation. In this regard, the fund was found to have failed to comply with its fiduciary duties in terms of the Pension Funds Act.

It was found that there was no dispute about the permanent life partner's status as a spouse of the deceased or the paternity of the child, and there was no need for a DNA test but that if the fund wanted to have one done then it should be ordered to pay for it.

The fund was ordered to pay for all costs associated with the DNA test including the costs of reasonable transport and accommodation where necessary, if the fund required a DNA test to be conducted. It was noted that the complainant may have to travel with the child for purposes of conducting the DNA test and, therefore, any travel and accommodation must be suitable.

Fund referred to the FSCA for failing to respond to enquiries from the OPFA

The complainant initially lodged a complaint with the PFA that she had not been paid her divorce benefit by the Municipal Employees Pension Fund (the fund). After the complaint was lodged, the fund paid her an amount of R55 938.78. She remained dissatisfied with the amount that she had been paid and advised the PFA accordingly.

The PFA wrote to the fund on four separate occasions requesting information on how the benefit amount was calculated. All of the emails were ignored. In the determination, it was held that it *"is incumbent upon registered and licensed entities such as pension funds and administrators to ensure that enquiries from the Adjudicator are properly responded to. This is especially so since boards of funds and principal officers are required to be fit and proper. Administrators must be approved by the regulator before being granted a licence to operate. The failure to respond to enquiries in respect of complaints by such persons is a failure to uphold their fiduciary responsibilities. It impedes on the Adjudicator's ability to deliver on her mandate and if allowed to continue will render the Office ineffectual."*

It was further stated that there is a prerogative by the Financial Sector Conduct Authority (FSCA) to ensure that all financial institutions treat their customers fairly and that the FSCA scrutinizes such conduct because as the regulator, it is responsible for permitting these persons to operate in the retirement funds sector. *"The Act places a positive duty on a fund or employer to properly consider a complaint lodged in terms of section 30A(1) and to respond to same. There is no reason why such a duty would not extend to complaints lodged with the Adjudicator."*

It was held that the Adjudicator cannot follow the practice of granting default orders as a default order granted based on one-sided facts that may be incorrect could result in financial detriment to the relevant pension fund more especially so when it comes to defined contribution funds. In other instances, a default order may not be appropriate given the type of relief sought in the complaint. The conduct of both the fund and the administrator was referred to the FSCA.

Employer is entitled to pension fund deduction after double salary payments

A complaint by a member against his pension fund's decision to withhold his withdrawal benefit was dismissed and it was found that the employer was entitled to claim a deduction for double salary payments made to the complainant for over two years. It was found that the complainant was dishonest in not bringing the payments to the attention of his employer.

The complainant commenced his employment with Nedbank from 1 February 2017 until 13 September 2019. He was a member of the Old Mutual Superfund Pension Fund (the fund) by virtue of such employment. Prior to being a permanent employee, the complainant had been employed by Nedbank for two consecutive periods on fixed term contracts during the period June 2016 to December 2016. During the period of the fixed term contracts, the complainant was remunerated at the rate of R500 per hour. Upon becoming a permanent employee, the complainant's remuneration changed to R414 per hour capped at 158 hours per month/R785 644 per annum.

Summary of important determinations continued

The complainant admitted that he noted discrepancies in his salary after becoming a permanent employee. He said that he initially assumed that this was because of the transition from fixed-term employee to permanent and that these discrepancies would resolve over time. When the discrepancies persisted, he assumed that Nedbank *"had in fact not prejudiced him, by reducing his pay scale so drastically"*. The complainant said that his IRP5 documents agreed to his payslips.

After an investigation by Nedbank, it was discovered that the complainant was receiving a second salary as a result of a processing error whereby he was not removed from the temporary payroll. This resulted in the complainant receiving almost double his salary for a period of just over two years. Despite admitting knowledge of the discrepancy, he never brought it to the attention of Nedbank. In a written statement made to Nedbank after the investigation, the complainant admitted his liability to Nedbank and undertook to repay the money. The complainant was subsequently dismissed for misconduct relating to dishonesty and criminal charges were laid against him for fraud. The complainant referred the matter to the CCMA but abandoned the arbitration after conciliation failed.

The complainant tried to access his pension fund after his dismissal and was informed that it was being withheld because of the employer's claim against him and pending the outcome of legal proceedings against him. After failing through his legal representative to get the fund to change its decision, the complainant decided to lodge a complaint with the PFA.

Case management team 2


Silas Mothupi


Shridhi Baijnath


Thabang Mabule


Weaven Ngobeni


Nausheena Nackwa


Matimba Hatlane


Pamela Mpofu


Tinyiko Shihundla


Sandile Mthethwa


Thamsanqa Mbambo


Sibongile Nkabinde


Lindelani Mkhize

Summary of important determinations continued

In the determination, it was found that the complainant had admitted his liability in writing to the employer and that the basis for such liability was his misconduct relating to dishonesty, as per the findings of the disciplinary enquiry. The reason proffered by the complainant for abandoning the CCMA arbitration as being due to a lack of funds for legal representation was rejected and it was held that legal representation at the CCMA for unfair dismissals was not an automatic right. Furthermore, that the CCMA processes were designed to assist lay persons and that if the complainant desired legal representation then he could have approached Legal Aid.

The complainant's argument that he should have been found negligent instead of dishonest was also rejected.

"These payments persisted for a long time and the complainant had sufficient opportunity to query same with the third respondent. He failed to do so. As an employee and in terms of the employment contract entered with the third respondent, the complainant stood in a position of confidence which involved a duty to protect the interests of his employer. Accordingly, the complainant owed a fiduciary duty towards the third respondent which he failed to fulfil…"

It was held that payments of almost double his expected salary should have raised alarm bells and the complainant ought to have queried same. Instead, he chose to stay silent. He also knew that he did not work for the hours that he was being paid for.

"The inescapable conclusion is that the complainant, who conceded that he became aware of the discrepancies in his salary from the outset of his permanent employment, did not bring it to the attention of the third respondent because it benefited him and because he assumed that the double salary payments would go unnoticed due to the scale of the third respondent's operations."

It was found that there was a duty to speak on the part of the complainant and that his failure to do so constituted dishonesty.

It was held that there is a distinction to be drawn between the 'withholding' of a benefit and the 'deduction' of compensation due to an employer on the grounds of fraud, theft, dishonesty, or misconduct.

In circumstances where there is no dispute that the member admitted liability in writing, and such liability arises from dishonest conduct, a deduction can be made without awaiting the outcome of civil or criminal proceedings. There is simply no point in the fund continuing to withhold the complainant's benefit. The employer was entitled to a deduction and it follows that the complaint could not succeed because it would deprive Nedbank of the relief that it is lawfully entitled to.

Early Resolution team

Tshepo Dooka

Fortunate Mashoene

Given Maswanganye

Busisiwe Dhlamini

Summary of important determinations continued

Fund not entitled to withhold benefit when no legal proceedings pending

If an employee commits theft, fraud, dishonesty or misconduct against their employer then section 37D(1)(b)(ii) of the Pension Funds Act has been interpreted by the Supreme Court of Appeal to mean that a pension benefit may be withheld by a pension fund at the request of an employer if the employer is pursuing legal proceedings against the member for theft, fraud, dishonesty or misconduct. Once the employer has obtained judgment against the member for theft, fraud, dishonesty or misconduct, it can instruct the pension fund to deduct any amount granted in its favour from the member's pension benefit.

In this matter, the member exited the service of the employer in 2014. The employer requested the fund to withhold the pension benefit pending the outcome of criminal proceedings against the member for theft/fraud. The member lodged a complaint with the Adjudicator in 2014 and the complaint was dismissed in early 2015 because the Adjudicator held that the fund was entitled to withhold the benefit.

In 2019, the member obtained confirmation from the Pretoria Magistrates Court that the criminal charges against her were withdrawn. She lodged another complaint with the Adjudicator in August 2019 requiring payment of her pension benefit.

In response to the complaint, the fund submitted that the charges were only provisionally withdrawn pending further investigations by the SAPS.

New complaints unit


Wilana Groenewald


Tonny Kedikilwe


Nhlayisi Mangwani


Madumetja Mogale


Dolly Sibanda


Hlayisani Makhubele


Lerato Lebogo


Sibongile Jamekwane


Lerato Mokoena


Ntokozo Mbatha


Sylvia Arendse

It was held that the period allowed for the institution or conclusion of legal proceedings must be reasonable. Four years and eight months lapsed since the previous complaint was dismissed before the current complaint was lodged. As at 24 July 2020, the criminal charges remained provisionally withdrawn. It was held that an unreasonable amount of time had lapsed for the criminal proceedings against the member to be finalised. After five years, and even with the assistance of the employer's forensics department, the NPA was still not satisfied that it had sufficient evidence to provide a reasonable prospect of prosecution against the member.

It was further held that a decision to withdraw a criminal charge is not taken lightly by the NPA. There has to be compelling reasons to do so. Once a decision to withdraw a criminal charge has been made that decision is final. Prosecution may only be recommenced in very specific circumstances. The fund owed the member a fiduciary duty and it ought to have interrogated the reasons why the charges were withdrawn. Instead, the fund too readily accepted the explanation given to it by the employer without the fund investigating the circumstances for itself. In this regard, the fund failed to uphold its fiduciary duty.

In the circumstances, the complaint was upheld and the fund ordered to pay the complainant's withdrawal benefit.

Fund must afford the member an opportunity to be heard before exercising discretion to withhold

A complaint lodged with the PFA was upheld when it was found that the fund decided to withhold the complainant's benefit without first affording the member an opportunity to be heard. The complainant was employed from 9 January 2012 until 28 January 2019. He was a member of the fund by virtue of his employment. Upon the termination of his employment, a withdrawal benefit accrued to the complainant who became entitled to a withdrawal benefit. According to a benefit statement issued to the complainant, he had a fund credit of R897 994.34 as at 31 January 2019. Upon claiming the benefit, he was informed that it could not be paid to him as there was a criminal case against him which needed to be finalised.

The complainant was dissatisfied with the fund's decision to withhold his withdrawal benefit and lodged a complaint with the PFA.

The administrator of the fund submitted that the complainant was employed until 31 January 2019 and potentially became entitled to a benefit from the fund. His fund credit as at 31 January 2019 amounted to R897 994.34 before tax. It stated that the employer requested the withholding of the benefit pending finalisation of legal proceedings against the complainant. The administrator stated that in deciding whether to withhold the benefit, the first respondent considered that criminal proceedings have been instituted by the employer against the complainant relating to fraud and the amount claimed and damages suffered by the employer amounts to approximately R1 000 000 which exceeds the complainant's benefit in the first respondent. The administrator stated that the claim by the employer falls within the ambit of section 37D(1)(b)(ii) of the Act. It contended that the withholding is lawful.

The PFA held that it is permissible for a fund to withhold a benefit in terms of section 37D of the Act. However, certain requirements needed to be met, including that the fund must act with care and in the process balance the competing interests with due regard to the strength of the employer's claim. The PFA further held that before a fund can exercise its discretion to withhold, it must put the employer's case to the member and afford the member an opportunity to respond. The board of the fund must apply its mind appropriately and in a balanced manner. The mere satisfaction by the trustees of a fund that the employer has placed allegations before them which, if true, would show damages arising from dishonest conduct by the employee, would not on its own be sufficient. The duties placed on a board of a fund in section 7C of the Act envisages careful scrutiny of claims made against benefits by employers, and a weighing of the competing interests of the parties after affording the member an opportunity to place his case properly before the fund. The failure by the board to comply with its duties constitutes an inability by the board of the fund to comply with their legally prescribed fiduciary duties.

Summary of important determinations continued

It was held that the administrator's legal department, which took the decision to withhold on behalf of the fund, acted at the behest of the employer in deciding to withhold the complainant's benefit. It acted only on the weight of the submissions made to it by the employer and merely rubber-stamped the employer's request. It did not put the employer's case to the complainant nor did it afford the complainant an opportunity to place the complainant's case properly before it. Pursuant to this failure, the administrator's legal department acting on behalf of the fund did not and could not apply their minds appropriately, impartially and in a balanced manner. It was further incapable of balancing the competing interests of the parties before arriving at its decision to withhold. As a result, it exercised its discretion improperly.

The fund was ordered to pay the complainant's withdrawal benefit together with interest.

Corporate support team

Bulelani Makunga

Vidette Brancken

Serati Ntsimane

Ayanda Twaku

Wonder Dila

Tintswalo Shibambu

Magadi Tshitannye

Gomotsegang Magaseng

Malakia Raedani

Thembelihle Mabuza

Lufuno Balibali

Darshana Maharaj

Nontokozo Manana

PART C:
Corporate Governance

Corporate governance report

Governance Committee members

Audit Committee	Risk Committee	Human Resources, Social and Ethics Committee	Remuneration Committee
Mr. S Gounden – (Chairperson)#	Mr. H Ratshefola# *(Chairperson)*	Ms. D Msomi# *(Chairperson)*	Ms. H Wilton – (Chairperson)^ Prof. PJ Sutherland – (Chairperson)*
Members			
Prof. PJ Sutherland* Ms. H Wilton* Mr. H Ratshefola* # Dr. P Mokgobu# Ms. P Mvulane+ Ms. D Msomi* Ms. J Mogadime#	Ms. H Wilton^ Ms. J Mogadime^ Adv. S Malatji* Mr. P Koch* Mr. S Gounden* Prof. T Ajam*	Ms. H Wilton^ Prof. PJ Sutherland* Dr. L Matlhape (Deceased)# Mr. H Ratshefola# Ms. J Mogadime#	Ms. D Msomi# Ms. L Molebatsi* Ms. T Randall* Ms. V Balgobind*

* *From 01/07/2020.* +*From 01/11/2020.*
^ *Up to 30/06/2020.* #*From 01/08/2020.*

Commitment

The accounting authority is responsible for monitoring standards of sound corporate governance and fully endorses the application of the recommendations of the King Report on Governance (King IV). The accounting authority is committed to governance processes that give assurance to stakeholders that the operations of the OPFA are conducted ethically within prudent risk parameters in pursuit of best practice.

To the best of the Accounting Authority's knowledge, information and belief, the OPFA complied with applicable legislation, policies and procedures, and codes of governance in the financial period under review.

The accounting authority and its role

The Commissioner of the Financial Sector Conduct Authority is the designated accounting authority of the OPFA in accordance with the provisions of the Pension Funds Act, No 24 of 1956 (the Act), the Public Finance Management Act, No 1 of 1999 (PFMA) and good corporate governance principles.

The accounting authority remains primarily responsible for the leadership of the OPFA and for strategic direction and policy, operational performance, financial matters, risk management and compliance. The accounting authority generally exercises leadership, integrity and judgement in directing the OPFA in a manner based on transparency, accountability and responsibility. The accounting authority is also the focal point of corporate governance system within OPFA. Authority for the day-to-day management of the activities of the OPFA is delegated to the management team.

Delegations of authority

The accounting authority has the authority to lead, control and manage the business of the OPFA. The accounting authority has established a governance structure that consists of oversight committees and has delegated through comprehensive delegation-of-authority framework some of its authority to the PFA and to the Management Committee to manage day-to-day business affairs of the OPFA. The delegation of authority assists decision-making and delivery of strategic objectives without exonerating the accounting authority of its accountability responsibilities for the OPFA.

Corporate governance report

Materiality and significance framework

The accounting authority approved a framework of acceptable level of materiality and significance in accordance with the PFMA for the 2020/21 financial year.

Governance committees

The governance committees are empowered by the Financial Sector Regulation Act to review, monitor and advise the reports from management and thereafter make recommendations to the Accounting Authority. These governance committees are responsible for ensuring the institution complies with relevant legislation, and codes of good corporate governance and practices. Each committee has its own terms of reference, which are reviewed annually in line with best practice.

Audit committee

The committee assists the institution in its responsibility of safeguarding assets, operating control systems, combined assurance, finance functions, internal and external audit services, and advises the institution on the adequacy of risk management processes and strategies. The committee met five times in the previous year, with attendance shown below.

Member	20/07/20	03/09/20	29/09/20	19/11/20	23/03/21
Ms. J Mogadime – Chairperson	✓	✓	✓	✓	✓
Ms. D Msomi	✓	N/A	N/A	N/A	N/A
Prof. PJ Sutherland	✓	N/A	N/A	N/A	N/A
Ms. H Wilton	✓	N/A	N/A	N/A	N/A
Mr. H Ratshefola	✓	✓	✓	✓	✓
Mr. S Gounden – Chairperson (from 01/08/20)	N/A	✓	✓	✓	✓
Dr. P Mokgobu	N/A	✓	✓	✓	✓
Ms. P Mvulane	N/A	N/A	N/A	✓	✓

✓: Attendance A: Apologies R: Resigned N/A: Not applicable

Risk committee

The committee ensures that the institution implements effective policies and plans for risk management that will enhance its ability to achieve strategic objectives. It advises the institution on the adequacy of risk management processes and strategies. It met four times in the review period, with attendance reflected below.

Member	10/06/20	02/09/20	18/11/20	04/03/21
Mr. H Ratshefola – Chairperson	✓	✓	✓	✓
Ms. H Wilton	✓	N/A	N/A	N/A
Ms. J Mogadime	✓	N/A	N/A	N/A
Adv. S Malatji	N/A	✓	✓	✓
Mr. P Koch	N/A	✓	✓	✓
Mr. S Gounden	N/A	✓	✓	✓
Prof. T Ajam	N/A	✓	✓	✓

✓: Attendance A: Apologies R: Resigned N/A: Not applicable

Corporate governance report

Human resources committee

The function of this committee is to ensure that the institution's human resources strategy and policies are implemented. The committee also fulfils the duties of an ethics and social committee. It met four times in the review period, with attendance shown below.

Member	15/06/20	16/09/20	24/11/20	16/03/21
Ms. D Msomi – Chairperson	✓	✓	✓	✓
Ms. H Wilton	✓	N/A	N/A	N/A
Prof. PJ Sutherland	✓	✓	✓	✓
Dr. L Matlhape (Deceased)	N/A	✓	✓	A
Mr. H Ratshefola	N/A	✓	A	✓
Ms. J Mogadime	N/A	✓	✓	✓

✓: Attendance A: Apologies R: Resigned N/A: Not applicable

Remuneration committee

The committee ensures that the institution's remuneration strategies and policies are implemented. It reviews compensation matters and ensures that salaries of staff are benchmarked. The committee met four times in the review period, with attendance reflected below.

Member	15/06/20	16/09/20	24/11/20	16/03/21
Ms. H Wilton – Chairperson (contract expired)	✓	N/A	N/A	N/A
Ms. D Msomi	✓	✓	✓	✓
Prof. PJ Sutherland – Chairperson (from 01/07/2020)	✓	✓	✓	✓
Ms. L Molebatsi	N/A	✓	✓	✓
Ms. T Randall	N/A	✓	✓	✓
Ms. V Balgobind	N/A	✓	✓	✓

✓: Attendance A: Apologies R: Resigned N/A: Not applicable

PART D: Financial Statements

CONTENTS

PART D: Financial Statements

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 is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting authority 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 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 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 that she is ultimately responsible for the system of internal financial control established by the entity and place considerable importance on maintaining a strong control environment. To enable the entity 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 2022 and, in the light of this review and the current financial position, she is satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The entity is wholly dependent on the Financial Sector Conduct Authority 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 44.

The annual financial statements set out on page 48, which have been prepared on the going concern basis, were approved by the accounting authority on 31 July 2021 and were signed on its behalf by:

Mr U Kamlana
FSCA Commissioner

Ms MA Lukhaimane
Pension Funds Adjudicator

Audit Committee Report

We are pleased to present our report for the financial year ended 31 March 2021.The committee is an oversight sub-committee of the accounting authority of the Office of the Pension Funds Adjudicator, the Commissioner of the Financial Sector Conduct Authority, in terms of section 77(c) of the Public Finance Management Act, Act No 1 of 1999 and consists of only non-executive members. The committee is a statutory sub-committee of the accounting authority and does not perform any management functions or assume any management responsibilities. The committee's role is to review, monitor and advise the accounting authority in his responsibility to ensure effective financial, performance and risk management systems at the OPFA. The committee also evaluates, monitors and advises on the system of internal control and their operating effectiveness. The committee ensures that identified financial risks are monitored and appropriate measures are put in place and implemented to manage such risks. Members of the OPFA management, internal auditors and Auditor-General attend Audit committee meetings by invitation. We are pleased to present our report for the financial year ended 31 March 2021.

Audit committee members and attendance

The audit committee consists of the members listed hereunder and should meet 4 times per annum as per its approved terms of reference. During the current year meetings were held.

Name of member	Number of meetings attended
Mr Sathie Gounden *(Chairperson)*	4/4
Dr E Phasoane Mokgobu	4/4
Ms J Mogadime	5/5
Mr H Ratshefola	5/5
Ms Precious Mvulane	2/2
Ms D Msomi	1/1
Prof PJ Sutherland	1/1

Audit committee responsibility

The audit committee reports that it has complied with its responsibilities arising from section 55(1)(a) of the PFMA and Treasury Regulation 27.1.

The audit committee also reports that it has adopted appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The effectiveness of internal control

The system of internal controls applied by the entity over financial and risk management is effective, efficient and transparent. In line with the PFMA and the King IV Report on Corporate Governance requirements, Internal Audit provides the audit committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the Internal Auditors, the Audit Report on the annual financial statements, and the management report of the Auditor-General South Africa, it was noted that no matters were reported that indicate any material deficiencies in the system of internal control or any deviations therefrom. Accordingly, we can report that the system of internal control over financial reporting for the period under review was efficient and effective.

Evaluation of annual financial statements

The audit committee has:

- reviewed and discussed the audited annual financial statements to be included in the annual report, with the Auditor;
- General and the Accounting Authority;
- reviewed the Auditor-General South Africa's management report and management's response thereto;

Audit Committee Report continued

- reviewed the entities compliance with legal and regulatory provisions;
- reviewed significant adjustments resulting from the audit.

The audit committee concur with and accept the Auditor-General South Africa's report on the annual financial statements, and reviewed significant adjustments resulting from the audit. are of the opinion that the audited annual financial statements should be accepted and read together with the report of the Auditor-General South Africa.

Internal audit

The audit committee is satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the entity and its audits.

The audit committee has met with the Auditor-General South Africa to ensure that there are no unresolved issues.

Mr Sathie Gounden

Chairperson

Report of the Auditor General

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Office of the Pension Fund Adjudicator set out on pages 48 to 82, which comprise the statement of financial position as at 31 March 2021, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information 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 Office of the Pension Fund Adjudicator as at 31 March 2021, and its financial performance and cash flows for the year then ended in accordance with Standards of Generally Recognised Accounting Practice (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.

Responsibilities of the accounting authority for the financial statements

6. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with Standards 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.

7. 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

8. 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 these financial statements.

9. 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

10. In accordance with the Public Audit Act 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 programmes presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.

11. My procedures address the usefulness and reliability of the reported performance information, which must be based on the public entity's approved performance planning documents. 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 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.

12. 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 public entity's annual performance report for the year ended 31 March 2021:

Programmes	Pages in the annual performance report
Programme 1: Dispose of complaints received	84 to 95

13. 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.

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

    - Programme 1 – Dispose of complaints received

Other matter

15. I draw attention to the matter below.

Achievement of planned targets

16. Refer to the annual performance report on pages 84 to 95 for information on the achievement of planned targets for the year and management's explanations provided for the under/over-achievement of targets.

Report on the audit of compliance with legislation

Introduction and scope

17. 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.

18. I did not identify any material findings on compliance with the specific matters in key legislation set out in the general notice issued in terms of the PAA.

Report of the Auditor General continued

Other information

19. 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 in this auditor's report.

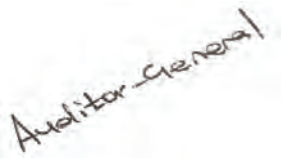
20 My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.

21. 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 programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

22. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, and 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

23. 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. I did not identify any significant deficiencies in internal control.



Pretoria

31 July 2021

Annexure – Auditor-general's responsibility for the audit

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 programmes 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 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 public entity 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.

Statement of Financial Position

as at 31 March 2021

Figures in Rand	Notes	2021	2020
Assets			
Current Assets			
Cash and cash equivalents	4	**20 905 948**	15 716 621
Receivables from exchange transactions	5	**368 857**	272 678
Statutory receivables from non-exchange transactions	6	**2 742 399**	7 265 789
Prepayments	7	**1 132 285**	760 921
		25 149 489	24 016 009
Non-Current Assets			
Property, plant and equipment	8	**13 329 243**	5 886 783
Intangible assets	9	**429 520**	597 096
		13 758 763	6 483 879
Total Assets		**38 908 252**	30 499 888
Liabilities			
Current Liabilities			
Payables from exchange transactions	10	**5 548 551**	3 893 072
Total Liabilities		**5 548 551**	3 893 072
Net Assets		**33 359 702**	26 606 816
Accumulated surplus		**33 359 702**	26 606 816
Total Net Assets		**33 359 702**	26 606 816

Statement of Financial Performance

for the year ended 31 March 2021

Figures in Rand	Notes	2021	2020
Revenue from exchange transactions			
Interest revenue		**149 398**	18 862
Revenue from non-exchange transactions			
Transfers from the Financial Sector Conduct Authority	12	**75 392 408**	70 758 372
Total revenue	11	**75 541 806**	70 777 234
Expenditure			
Auditor's remuneration – external		**(1 654 837)**	(1 464 178)
Auditor's remuneration – Internal		**(493 044)**	(560 261)
Consulting and professional fees		**(1 156 781)**	(1 611 287)
Depreciation and amortisation	13	**(2 386 917)**	(2 465 316)
Information technology maintenance and support		**(7 197 457)**	(6 251 320)
Operating lease rentals	14	**(6 169 270)**	(6 159 222)
Legal expenses		**(1 575 950)**	(1 117 632)
Loss on disposal of assets		**(152)**	(29 473)
Other operating costs	15	**(6 967 284)**	(7 003 862)
Personnel costs	16	**(41 187 228)**	(36 398 402)
Total expenditure		**(68 788 920)**	(63 060 953)
Surplus for the year		**6 752 886**	7 716 281

Statement of Changes in Net Assets

for the year ended 31 March 2021

Figures in Rand	Accumulated surplus	Total net assets
Restated Balance at 1 April 2019	18 890 536	18 890 536
Changes in net assets		
Surplus for the year	7 716 280	7 716 280
Total changes	7 716 280	7 716 280
Balance at 1 April 2020	**26 606 816**	**26 606 816**
Changes in net assets		
Surplus for the year	**6 752 886**	**6 752 886**
Total changes	**6 752 886**	**6 752 886**
Balance at 31 March 2021	**33 359 702**	**33 359 702**

Refer to note 22 for Prior period error adjustment

Cash Flow Statement

for the year ended 31 March 2021

Figures in Rand	Notes	2021	2020
Cash flows from operating activities			
Receipts			
Revenue received		**80 004 281**	75 812 242
Interest received		**149 398**	18 862
		80 153 679	75 831 104
Payments			
Cash paid to personnel		**(39 520 014)**	(35 840 831)
Cash paid to suppliers		**(25 782 386)**	(24 182 687)
		(65 302 400)	(60 023 518)
Net cash flows from operating activities	17	**14 851 279**	15 807 586
Cash flows from investing activities			
Purchase of property, plant and equipment	8	**(9 412 207)**	(1 651 654)
Purchase of intangible assets	9	**(249 745)**	(203 895)
Net cash flows from investing activities		**(9 661 952)**	(1 855 549)
Net increase/(decrease) in cash and cash equivalents		**5 189 327**	13 952 037
Cash and cash equivalents at the beginning of the year		**15 716 621**	1 764 584
Cash and cash equivalents at the end of the year	4	**20 905 948**	15 716 621

Statement of Comparison of Budget and Actual Amounts

for the year ended 31 March 2021

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Interest Received	16 644	(174)	**16 470**	149 398	**132 928**	
Revenue from non-exchange transactions						
Transfer revenue						
Levies	78 367 046	(2 975 046)	**75 392 000**	75 392 408	**408**	
Total revenue	78 383 690	(2 975 220)	**75 408 470**	75 541 806	**133 336**	
Expenditure						
Auditor's remuneration – external	(1 486 402)	15 557	**(1 470 845)**	(1 654 837)	**(183 992)**	
Auditor's remuneration – internal	(588 082)	6 155	**(581 927)**	(493 044)	**88 883**	
Consulting and professional fees	(1 238 688)	(369 892)	**(1 608 580)**	(1 156 781)	**451 799**	
Depreciation and amortisation	(4 983 532)	1 623 017	**(3 360 515)**	(2 386 917)	**973 598**	28
Information technology maintenance and support	(6 758 093)	70 731	**(6 687 362)**	(7 197 457)	**(510 095)**	28
Lease rentals on operating lease	(6 816 774)	(2 341 305)	**(9 158 079)**	(6 169 270)	**2 988 809**	28
Legal services	(1 065 041)	11 147	**(1 053 894)**	(1 575 950)	**(522 056)**	28
Other operating costs	(8 345 364)	383 005	**(7 962 359)**	(6 967 284)	**995 075**	28
Personnel cost	(43 101 714)	(4 123 658)	**(47 225 372)**	(41 187 228)	**6 038 144**	28
Intangible assets acquisitions	(1 500 000)	–	**(1 500 000)**	(249 745)	**1 250 255**	28
Property, plant and equipment acquisitions	(2 500 000)	(440 000)	**(2 940 000)**	(9 412 207)	**(6 472 207)**	28
Total expenditure	(78 383 690)	(5 165 243)	**(83 548 934)**	(78 450 720)	**5 098 213**	
Operating deficit	–	(8 140 464)	**(8 140 464)**	(2 908 914)	**5 231 549**	
Loss on sale of assets	–	–	**–**	(152)	**(152)**	
Deficit before taxation	–	(8 140 464)	**(8 140 464)**	(2 909 066)	**5 231 398**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	–	(8 140 464)	**(8 140 464)**	(2 909 066)	**5 231 398**	
Reconciliation						
Basis difference						
Acquisition of Property, Plant and Equipment				9 412 207		
Acquisition of Intangible				249 745		
Actual Amount in the Statement of Financial Performance				6 752 886		

Accounting Policies

1. Presentation of Annual Financial Statements

The 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 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 and amounts have been rounded to the nearest Rand.

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

These accounting policies are consistent with the previous period, except for the changes set out in note 3 due to first-time adoption of Standards of GRAP.

1.1 Going concern assumption

These annual financial statements have been prepared based on the expectation that the entity will continue to operate as a going concern for at least the next 12 months. The accounting authority and management are of the view that the economic impact of the COVID-19 will not significantly affect the operations of the OPFA and cash reserves currently available will provide a buffer to ensure the entity meets its short-term commitments as they fall due. The transition and implementation of the Financial Sector Regulation Act No.9 of 2017 will not materially impact the mandate or future funding of the OPFA.

1.2 Materiality

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor.

Assessing whether an omission or misstatement could influence decisions of users, and so be material, requires consideration of the characteristics of those users. The Framework for the Preparation and Presentation of Financial Statements states that users are assumed to have a reasonable knowledge of government, its activities, accounting and a willingness to study the information with reasonable diligence. Therefore, the assessment takes into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions. The materiality level used to assess whether an omission or misstatement could influence the user's decision, based on the approved OPFA materiality and significance framework is R355 000 (2020: 316 000).

1.3 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the 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 annual financial statements. Significant judgements include:

Other significant judgements, sources of estimation uncertainty and/or relating information, have been disclosed in the relating notes.

Accounting Policies continued

1. Presentation of Annual Financial Statements continued

1.3 Significant judgements and sources of estimation uncertainty continued

Impairment testing of receivables from exchange and non-exchange transactions

The entity assesses its receivables from exchange and non-exchange transaction for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the OPFA makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from financial asset.

The impairment for receivables from exchange and non-exchange transactions is calculated individually, when assets are individually significant, and individually or collectively for financial assets that are not individually significant. Where no objective evidence of impairment exists for an individually assessed asset (whether individually significant or not), an entity includes assets in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment.

Impairment testing for non-financial assets

The OPFA has judged all non-financial assets to be non-cash generating based on the entity's objective of using these assets to deliver a service and not to generate a commercial return. The entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. The recoverable service amount is the higher of fair value less costs to sell and value in use. These calculations require the use of estimates and assumptions.

Useful lives and residual values of intangible assets

The OPFA reassesses the useful lives and residual values of intangible assets on an annual basis. In reassessing the useful lives and residual values of intangible assets, management considers the condition and the use of the individual assets to determine the remaining period over which the asset can and will be used. The change is accounted for as a change in accounting estimate.

Useful lives and residual values of property, plant and equipment

The OPFA reassesses at each reporting date whether there is any indication that entity expectations about the residual values and the useful lives of its property, plant and equipment 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 accounted for as a change in accounting estimate.

1.4 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 in 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.

Accounting Policies continued

1. Presentation of Annual Financial Statements continued

1.4 Property, plant and equipment continued

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring 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.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

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 is carried at cost less accumulated depreciation and any impairment losses.

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	Useful life
Plant and machinery	Straight-line	10 years
Furniture and fixtures	Straight-line	5 to 10 years
Motor vehicles	Straight-line	5 years
Office equipment	Straight-line	3 to 7 years
IT equipment	Straight-line	3 to 5 years
Library books	Straight-line	4 to 8 years
Leasehold improvements	Straight-line	Lease period
Signage	Straight-line	Lease period or earlier date

Accounting Policies continued

1. Presentation of Annual Financial Statements continued

1.4 Property, plant and equipment continued

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The entity assesses at each reporting date whether there is any indication that the entity 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 accounting 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.

1.5 Intangible assets

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 assets 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.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

Accounting Policies continued

1. Presentation of Annual Financial Statements continued

1.5 Intangible assets continued

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

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

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight-line basis over their useful life.

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

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.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset.

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

Item	Depreciation method	Useful life
Computer software	Straight-line	3 to 5 years

1.6 Financial instruments

Classification

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

- Financial assets measured at amortised cost which comprise of receivables from exchange and non-exchange transactions and cash and cash equivalents.
- Financial liabilities measured at amortised cost which comprise of trade and other payables from exchange transactions.

Accounting Policies continued

1. Presentation of Annual Financial Statements continued

1.6 Financial instruments continued

Classification depends on the purpose for which the financial instruments were obtained/incurred and takes place at initial recognition. Classification is reassessed 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 subsequent measurement

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

The OPFA 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.

Transaction costs are included in the initial measurement of the financial instrument. Purchases of financial assets are accounted for at trade date.

Receivables from exchange and non-exchange transactions

These financial assets at amortised cost are subsequently measured at amortised cost, using the effective interest rate method, less accumulated impairment losses.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the surplus or deficit. When a receivable is uncollectable, it is written off against the allowance account for receivables.

Subsequent recoveries of amounts previously written off are recognised in surplus or deficit.

Cash and cash equivalents

These financial assets at amortised cost are subsequently measured at amortised cost, using the effective interest rate method, less accumulated impairment losses.

Cash and cash equivalents comprise of cash at bank and cash on hand that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially measured at fair value, and subsequently at amortised cost using the effective interest rate method.

Trade and other payables from exchange transactions

These financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest rate method.

Impairment of financial assets

At each end of the reporting period the OPFA assesses all financial assets, 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 bankruptcy and default of payments are all considered indicators of impairment.

Impairment losses are recognised in surplus or deficit.

Accounting Policies continued

1. Presentation of Annual Financial Statements continued

1.6 Financial instruments continued

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.

Trade receivables and payables are subject to a 30-day payment term, which is consistent with the terms used in the public sector. Short-term receivables and payables are consequently not discounted.

Derecognition of financial assets

An entity shall derecognise a financial asset only when:

(a) the contractual rights to the cash flows from the financial asset expire, are settled or waived;

(b) the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or

(c) 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 shall:

(i) derecognise the asset; and

(ii) recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset shall be allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations shall be measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised in accordance with this paragraph shall be recognised in surplus or deficit in the period of the transfer.

1.7 Statutory receivables

Identification

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset.

Carrying amount is the amount at which an asset is recognised in the statement of financial position.

The cost method is the method used to account for statutory receivables that requires such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable) and, less any accumulated impairment losses and any amounts derecognised.

Nominal interest rate is the interest rate and/or basis specified in legislation, supporting regulations or similar means.

The transaction amount for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

1. Presentation of Annual Financial Statements continued

1.7 Statutory receivables continued

Recognition

The entity recognises statutory receivables as follows:

- if the transaction is an exchange transaction, using the policy on Revenue from exchange transactions;
- if the transaction is a non-exchange transaction, using the policy on Revenue from non-exchange transactions (Taxes and transfers); or
- if the transaction is not within the scope of the policies listed in the above or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.

Initial measurement

The entity initially measures statutory receivables at their transaction amount.

Subsequent measurement

The entity measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

- interest or other charges that may have accrued on the receivable (where applicable);
- impairment losses; and
- amounts derecognised.

Impairment losses

The entity assesses at each reporting date whether there is any indication that a statutory receivable, or a group of statutory receivables, may be impaired.

In assessing whether there is any indication that a statutory receivable, or group of statutory receivables, may be impaired, the entity considers, as a minimum, the following indicators:

- Significant financial difficulty of the debtor, which may be evidenced by an application for debt counselling, business rescue or an equivalent.
- It is probable that the debtor will enter sequestration, liquidation or other financial re-organisation.
- A breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied).
- Adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment, or changes in migration rates and patterns.

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the entity measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable, or group of statutory receivables, is reduced, either directly or through the use of an allowance account. The amount of the losses is recognised in surplus or deficit.

In estimating the future cash flows, an entity considers both the amount and timing of the cash flows that it will receive in future.

1. Presentation of Annual Financial Statements continued

1.7 Statutory receivables continued

Consequently, where the effect of the time value of money is material, the entity discounts the estimated future cash flows using a rate that reflects the current risk-free rate and, if applicable, any risks specific to the statutory receivable, or group of statutory receivables, for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows.

Any previously recognised impairment loss is adjusted either directly or by adjusting the allowance account. The adjustment does not result in the carrying amount of the statutory receivable or group of statutory receivables exceeding what the carrying amount of the receivable(s) would have been had the impairment loss not been recognised at the date the impairment is revised. The amount of any adjustment is recognised in surplus or deficit.

Derecognition

The entity derecognises a statutory receivable, or a part thereof, when:

- the rights to the cash flows from the receivable are settled, expire or are waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- the entity, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable 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 receivable; and
  - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of any statutory receivables transferred are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. The entity considers whether any newly created rights and obligations are within the scope of the Standard of GRAP on Financial Instruments or another Standard of GRAP.

Any difference between the consideration received and the amounts derecognised and, those amounts recognised, are recognised in surplus or deficit in the period of the transfer.

1.8 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. Presentation of Annual Financial Statements continued

1.9 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 care), 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 cost of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Retirement benefits

Payments to defined contribution retirement benefit plans and pension fund are charged as an expense as they fall due.

Payments made to industry managed retirement benefit schemes and pension fund are dealt with as defined contribution plans where the entity's obligation under the schemes is equivalent to those arising in a defined contribution retirement plan.

1.10 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.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

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.

Accounting Policies continued

1. Presentation of Annual Financial Statements continued

1.10 Provisions and contingencies continued

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

Provisions are not recognised for future operating surplus.

A constructive obligation to restructure arises only when an entity:

- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 20.

1.11 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.12 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 is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

The amount of revenue arising on a transaction which is statutory (non-contractual) in nature is usually measured by reference to the relevant legislation, regulation or similar means. The fee structure, tariffs or calculation basis specified in legislation, regulation or similar means is used to determine the amount of revenue that should be recognised. This amount represents the fair value, on initial measurement, of the consideration received or receivable for revenue that arises from a statutory (noncontractual) arrangement (see the accounting policy on Statutory Receivables).

Accounting Policies continued

1. Presentation of Annual Financial Statements continued

1.12 Revenue from exchange transactions continued

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight-line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

Interest revenue

Revenue arising from the use by others of entity assets yielding interest is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the entity, and
- The amount of the revenue can be measured reliably.

Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

1.13 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an entity, which represents an increase in net assets, other than increases relating to contributions from owners.

Control of an asset arise when the entity can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Accounting Policies continued

1. Presentation of Annual Financial Statements continued

1.13 Revenue from non-exchange transactions continued

Non-exchange transactions are transactions that are not exchange transactions. Non-exchange revenue consists of funding transferred from the FSCA to the OPFA.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the entity satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

1.14 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.15 Fruitless and wasteful expenditure

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

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.

1.16 Irregular expenditure

Irregular expenditure is 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, 1968 (Act No. 86 of 1968), 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. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

All expenditure relating irregular 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 Budget information

Schedule 3A Public 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.

Accounting Policies continued

1. Presentation of Annual Financial Statements continued

1.17 Budget information continued

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 economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2020/04/01 to 2021/03/31.

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

The 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.

1.18 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.

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 those family members who may be expected to influence, or be influenced by that person in their dealings with the entity.

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.

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 annual financial statements.

Accounting Policies continued

1. Presentation of Annual Financial Statements continued

1.19 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The entity will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The entity will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

Notes to the Annual Financial Statements

for the year ended 31 March 2021

2. Changes in accounting policy

The annual financial statements have been prepared in accordance with Generally Recognised Accounting Practice on a basis consistent with the prior year.

3. New standards and interpretations

3.1 Standards and Interpretations approved but not yet effective

The entity has not applied the following standards and interpretations, which have been approved but not yet effective:

Standard/Interpretation: Effective date:	Years beginning on or after	Expected impact:
• GRAP 25 (amended): Employee Benefits	1 April 2021	Unlikely there will be material impact.
• GRAP 104 (amended): Financial Instruments	No effective date	Not expected to impact results but may result in additional disclosure

4. Cash and cash equivalents

Figures in Rand	2021	2020
Cash and cash equivalents consist of:		
Bank balances	**20 902 418**	15 691 806
Cash on hand	**3 530**	24 814
	20 905 948	15 716 620

5. Receivables from exchange transactions

Study Assistance	**368 857**	272 678

Receivables and impairment

The receivables relate to study assistance provided to employees with a work-back condition and collection is considered probable, hence the balance was not impaired. The effect of discounting is considered immaterial as maximum work-back period is between 6 to 24 months and study assistance per person amount is also not material.

6. Statutory receivables from non-exchange transactions

FSCA Debtor	**2 742 399**	7 265 789

Figures in Rand	2021	2020

7. Prepayments

Prepayments are payments made in advance for services that have not been delivered for which the OPFA expects the delivery in the next financial period. Prepayments are recognised as current assets and are not discounted as the discounting effect thereof is considered immaterial.

Prepayments		
Subscriptions	**169 392**	222 300
Computer Licences	**194 074**	241 703
Insurance	**–**	40 352
Licences	**309**	309
Computer Support	**763 002**	256 257
Membership fees	**5 508**	–
	1 132 285	760 921

8. Property, plant and equipment

	2021			2020		
	Cost/ Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost/ Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Leasehold property	**6 329 812**	**(5 126 176)**	**1 203 636**	5 564 223	(4 951 497)	612 726
Plant and machinery	**276 849**	**(223 786)**	**53 063**	276 849	(196 101)	80 748
Furniture and fixtures	**1 995 446**	**(1 386 874)**	**608 572**	2 200 028	(1 474 356)	725 672
Motor vehicles	**386 533**	**(185 285)**	**201 248**	386 533	(137 978)	248 555
Office equipment	**401 316**	**(360 413)**	**40 903**	401 316	(323 026)	78 290
IT equipment	**18 474 962**	**(7 296 078)**	**11 178 884**	10 574 295	(6 486 554)	4 087 741
Library Books	**348 725**	**(308 946)**	**39 779**	345 617	(296 777)	48 840
Signage	**39 877**	**(36 719)**	**3 158**	39 877	(35 666)	4 211
Total	**28 253 520**	**(14 924 277)**	**13 329 243**	19 788 738	(13 901 955)	5 886 783

8. Property, plant and equipment continued

Reconciliation of property, plant and equipment – 2021

	Opening balance	Additions	Disposal/ scrapped	Depreciation	Total
Leasehold property	**612 726**	**765 588**	**–**	**(174 678)**	**1 203 636**
Plant and machinery	**80 748**	**–**	**–**	**(27 685)**	**53 063**
Furniture and fixtures	**725 672**	**52 587**	**(123)**	**(169 564)**	**608 572**
Motor vehicles	**248 555**	**–**	**–**	**(47 307)**	**201 248**
Office equipment	**78 290**	**–**	**–**	**(37 387)**	**40 903**
IT equipment	**4 087 741**	**8 590 924**	**(27)**	**(1 499 754)**	**11 178 884**
Library Books	**48 840**	**3 108**	**–**	**(12 169)**	**39 779**
Signage	**4 211**	**–**	**–**	**(1 053)**	**3 158**
	5 886 783	**9 412 207**	**(150)**	**(1 969 597)**	**13 329 243**
Reconciliation of property, plant and equipment – 2020					
Leasehold property	766 229	–	–	(153 503)	612 726
Plant and machinery	108 433	–	–	(27 685)	80 748
Furniture and fixtures	198 425	713 313	(13 215)	(172 851)	725 672
Motor vehicles	295 862	–	–	(47 307)	248 555
Office equipment	96 509	29 046	(415)	(46 931)	78 290
IT equipment	4 574 749	902 137	(8)	(1 389 137)	4 087 741
Library Books	56 334	7 158	–	(14 652)	48 840
Signage	5 264	–	–	(1 053)	4 211
Infrastructure	61	–	(61)	–	–
	6 101 947	1 651 654	(13 699)	(1 853 119)	5 886 783

9. Intangible assets

	2021			2020		
	Cost/ Valuation	**Accumulated amortisation and accumulated impairment**	**Carrying value**	Cost/ Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	**4 668 432**	**(4 238 912)**	**429 520**	4 510 711	(3 913 615)	597 096

	Opening balance	Additions	Disposals/ Scrapped	Amortisation	Total
Reconciliation of intangible assets – 2021					
Computer Software	**597 096**	**249 745**	**(1)**	**(417 320)**	**429 520**
Reconciliation of intangible assets – 2020					
Computer software	1 026 507	203 895	(21 110)	(612 196)	597 096

Notes to the Annual Financial Statements continued

for the year ended 31 March 2021

	Figures in Rand	2021	2020
10.	**Payables from exchange transactions**		
	Trade payables	**591 337**	297 657
	Sundry payables	**30 000**	329 449
	Operating lease acrual	**1 587 682**	1 495 490
	Accrued leave pay	**3 339 532**	1 770 478
		5 548 551	3 893 072
11.	**Revenue**		
	Interest received	**149 398**	18 862
	Transfers received from the FSCA	**75 392 408**	70 758 372
		75 541 806	70 777 234
	The amount included in revenue arising from exchanges of goods or services are as follows:		
	Interest received-investment	**149 398**	18 862
	The amount included in revenue arising from non-exchange transactions is as follows:		
	Transfer revenue		
	Transfers from the FSCA	**75 392 408**	70 758 372
12.	**Transfer Revenue**		
	Transfers from the FSCA	**75 392 408**	70 758 372
13.	**Depreciation and amortisation**		
	Property, plant and equipment	**1 969 597**	1 853 119
	Intangible assets	**417 320**	612 197
		2 386 917	2 465 316
14.	**Lease rentals on operating lease**		
	Premises		
	Contractual amounts	**5 766 298**	5 766 298
	Equipment		
	Contractual amounts	**402 972**	392 924
		6 169 270	6 159 222

Figures in Rand	2021	2020
15. Other operating expenses		
Advertising and recruitment	**349 719**	602 399
Bank charges	**52 602**	40 823
Building services	**97 374**	188 778
Call centre	**10 988**	185 055
Car Track	**2 768**	3 284
Cellphone expenses	**55 093**	42 769
Cleaning	**279 738**	261 340
Consumables	**29 737**	41 479
Consumables under R5000	**1 418**	156
Courier Services	**8 250**	8 523
COVID-19 expenses	**224 344**	2 000
Electricity and electricity	**564 769**	446 913
Flowers and gifts	**27 234**	24 681
Forex loss	**–**	1 204
Fuel, parking,mileage,toll fees and car wash	**18 392**	38 732
Insurance	**573 494**	350 413
Library expenses	**1 520**	6 932
Licenses	**1 855**	3 396
Membership fees	**29 836**	58 660
Off-site storage	**230 302**	192 161
Postage	**328 181**	376 111
Postage	**329 797**	271 202
Printing	**112 535**	108 830
Printing and stationery	**957 001**	594 428
Promotions	**119 800**	14 950
Rates and taxes	**686 179**	691 301
Refuse and sewerage	**86 514**	57 152
Repairs and maintenance	**57 160**	133 638
Secretariat fees	**15 640**	11 492
Staff welfare	**14 856**	146 242
Stakeholder Engagement	**47 929**	284 004
Strategic planning and workshop	**–**	123 373
Study assistance	**55 319**	39 279
Subscriptions	**312 879**	278 990
Telephone and Internet expenses	**565 636**	539 142
Telephone and fax	**565 487**	172 954
Training and workshop	**147 363**	356 936
Travel and accomodation	**5 575**	179 992
Travel – overseas	**–**	124 152
	6 967 284	7 003 862

Figures in Rand	2021	2020
16. Personnel costs		
Salaries	**32 944 516**	31 153 070
Incentive scheme	**1 629 267**	1 968 231
Retirement annuity and pension fund contributions	**2 052 840**	640 791
UIF	**103 350**	97 563
SDL	**230 959**	305 525
Leave pay provision charge	**2 926 654**	1 278 922
Workmen's Compensation	**19 897**	43 181
Employee group scheme	**347 760**	172 457
Other short term costs	**85 995**	105 948
Long-service awards	**26 000**	45 500
13th Cheques	**96,868**	92 372
	40 464 106	35 903 559
Remuneration of non-executive directors		
Committee fees	**449 467**	354 700
Other	**273 655**	140 143
	727 745	494 843
	41 187 228	36 398 402
17. Cash generated from operations		
Surplus	**6 752 886**	7 716 276
Adjustments for:		
Depreciation and amortisation	**2 386 917**	2 465 316
Gain/loss from sale of assets and liabilities	**(152)**	29 473
Other non-cash items	**304**	5 335
Changes in working capital:		
Receivables from exchange transactions	**(96 179)**	(108 046)
Statutory receivables from non-exchange transactions	**4 523 390**	4 598 266
Prepayments	**(371 364)**	255 825
Payables from exchange transactions	**1 655 477**	845 141
	14 851 279	15 807 586

18. Taxation

The Office of the Pension Funds Adjudicator is exempt from income tax in terms of section 10(1)(cA)(i)(bb) of the Income Tax Act 58 of 1962.

Figures in Rand	2021	2020
19. Commitments		
Authorised capital expenditure		
Already contracted for but not provided for		
Property, plant and equipment	**1 813 467**	2 638 917
Intangible assets	**63 563**	390 534
	1 877 030	3 029 451
Total capital commitments		
Already contracted for but not provided for	**1 877 030**	3 029 451
Authorised operational expenditure		
Already contracted for but not provided for		
General expenses	**1 222 522**	–
Total operational commitments		
Already contracted for but not provided for	**1 222 522**	–
Total commitments		
Authorised capital expenditure	**1 877 030**	3 029 451
Authorised operational expenditure	**1 222 522**	–
	3 099 552	3 029 451

This committed expenditure relates to Property, Plant and Equipment, Intangible Assets and operational expenditure. Notable projects under PPE include the ICT infrastructure upgrade as well as the ICT Backup Solution which are on the final stages of implementation, as well as Laptops and leasehold improvements. These projects will be funded from retained surpluses from prior years and existing cash resources.

Operating leases – as lessee (expense)		
Minimum lease payments due		
– within one year	**6 647 083**	5 997 861
– in second to fifth year inclusive	**13 162 644**	19 809 728
	19 809 727	25 807 589

Operating lease payments represent rentals payable by the entity for certain of its office properties and photocopy machines.

Leases are negotiated for an average term of seven years for premises and for an average term of three years for photocopy machines. No contingent rent is payable. The prior year minimum lease payments was affected by the adjustments due to prior period error for rental on the premises as disclosed in note 22. Prior year balances were restated for comparability.

20. Contingencies

Previously twelve section 30P applications relating to prior periods were reported on, wherein the applicants sought cost orders against the OPFA. Eleven bills of costs were received and subsequently paid. The remaining cost order is estimated at an amount of R146 028 to be settled in the next financial year. It must be noted that the OPFA had received 12 court/tribunal applications to review the PFA's issued determinations as permitted by applicable legal framework. These matters, as at year end, were not expected to result in direct cash outflows for the organisation.

Litigation is in process against the entity relating to a dispute of unfair dismissal by a previous employee. The entity's lawyers and management consider the likelihood of the action against the entity being successful as unlikely and at worst the award will not be more than 3 months' salary settlement estimated at R52 000. The case should be resolved within the next financial year.

The OPFA has budget legal fees for the next financial year to an amount of R1 053 894 to this effect.

21. Related parties

Relationships — Financial Sector Conduct Authority Schedule 3A Public Entity and under common control of the National Treasury

Figures in Rand	2021	2020
Related party balances		
Amounts included in Trade receivable regarding related parties		
Financial Sector Conduct Authority	**2 742 399**	7 265 789
The FSCA funds the operations of the OPFA according to section 30R of the Pension Funds Act 24 of 1956. The transfer is based in a total operating budget of the OPFA, which paid in trenches during the year. The non-exchange statutory receivables are due to payments not received from the FSCA as at year end.		
Transfers revenue		
Financial Sector Conduct Authority	**(75 392 408)**	(70 758 372)
Shared services costs incurred		
Financial Sector Conduct Authority	**5 141 706**	4 689 535

The OPFA shares services with the FSCA as it relates to ICT infrastructure and maintenance, governance, language and secretariat services which are billed on a periodic basis. All transactions between the FSCA and OPFA are considered to be at arms length.

21. Related parties continued

Key management information

Remuneration of management

Management class: Non-executive committee members

2021	Committee fees	Other remuneration received	Total
S Gounden	**46 878**	**4 850**	**51 728**
J Mogadime	**46 878**	**18 169**	**65 047**
P Mokgobu	**19 398**	**4 850**	**24 248**
P Mvulane	**12 932**	**–**	**12 932**
H Ratshefola	**67 893**	**23 019**	**90 912**
L Mathlabe	**11 316**	**–**	**11 316**
D Msomi	**50 192**	**136 317**	**186 509**
P Sutherland	**43 646**	**44 033**	**87 679**
V Balgobind	**17 781**	**–**	**17 781**
L Molebatsi	**17 781**	**–**	**17 781**
TL Randall	**17 781**	**–**	**17 781**
H Wilton (Contract expired)	**14 548**	**42 417**	**56 965**
T Ajam	**27 481**	**–**	**27 481**
P Koch	**27 481**	**–**	**27 481**
S Malatji	**27 481**	**–**	**27 481**
	449 467	**273 655**	**723 122**
2020			
A Sithole	10 882	–	10 882
H Wilton	81 112	35 129	116 241
J Mogadime	64 480	6 466	70 946
D Msomi	74 646	74 733	149 379
H Ratshefola	48 934	6 466	55 400
PJ Sutherland	74 646	17 348	91 994
	354 700	140 142	494 842

Other remuneration received, relate to adhoc services that committee members render to the OPFA including assistance with interviews of key management, investigations and similar engagements.

21. Related parties continued

Management class: Executive management

2021	Emoluments	Incentive bonus	Post-employment and other benefits	Commutation	Total
M Lukhaimane, PFA	**2 604 513**	**232 000**	**73 675**	**156 622**	**3 066 810**
M Thulare, DPFA	**2 201 603**	**52 000**	**62 247**	**45 653**	**2 361 503**
B Makunga, CFO	**1 571 192**	**446 740**	**45 450**	**34 423**	**2 097 805**
S Mothupi, SAA	**1 427 406**	**140 743**	**8 984**	**58 186**	**1 635 319**
T Dooka-Rampedi, SAA	**1 246 591**	**91 655**	**36 742**	**51 744**	**1 426 732**
V Brancken	**610 427**	**–**	**30 664**	**–**	**641 091**
L Jadoonandan (Resigned June 2020)	**373 951**	**–**	**–**	**149 021**	**522 972**
J Buthane (Resigned August 2020)	**615 424**	**–**	**–**	**116 478**	**731 902**
L Mphahlele-Ntsasa (Resigned)	**386 091**	**–**	**–**	**27 930**	**414 021**
M Lindhorst (Resigned)	**325 558**	**–**	**5 136**	**–**	**330 694**
	11 362 756	**963 138**	**262 898**	**640 057**	**13 228 849**

2020	Emoluments	Incentive bonus	Commutation	Total
M Lukhaimane, PFA	2 639 942	610 000	149 164	3 399 106
Thulare, DPFA	578 300	–	–	578 300
C Raphadana, SAA (Resigned 31 January 2020)	1 184 683	–	134 453	1 319 136
J Buthane, SAA	1 377 325	164 226	–	1 541 551
L Jadoonandan, SAA	1 389 889	197 444	–	1 587 333
S Mothupi, SAA (Promoted 1 March 2020)	117 409	–	–	117 409
W Ngcobo, HR Manager (Resigned 31 July 2019)	362 250	–	32 763	395 013
B Makunga, CFO	1 434 165	203 891	47 813	1 685 869
	9 083 963	1 175 561	364 193	10 623 717

21. Related parties continued

Employees of the OPFA are paid on a total cost to company basis, where applicable, salaries include retirement fund contributions, medical aid contributions and travel allowance. Total cost to company used for key management's total emoluments is the most reliable estimate as the total cost of direct and indirect benefits received are not always determinable. The OPFA changed its benefit structure during the year and moved from a retirement fund to a defined contribution pension fund. The OPFA topped up employees above CTC and provided a comprehensive death benefit for all its staff including key management. This amount is disclosed under Post employment and other benefits. Other short term and post-employment benefit payable by employer for a member of key management are not considered material.

PFA – Pension Funds Adjudicator

DPFA – Deputy Pension Funds Adjudicator

SAA – Senior Assistant Adjudicator

HR – Human Resources

CFO – Chief Financial Officer

22. Prior period errors

In determining the straight lining for operating lease related to premises, VAT for the last year for the lease term was not aggregated and an incorrect rate was utilised to calculate a component of operating lease expense. As a result, the accrued rental expense and corresponding accrued liability in accordance with GRAP 13 was misstated. An adjustment in attempt to address this was effected in the prior period with an unresolved difference that was allocated to sundry payables. Following further investigation and discussion with the landlord to clarify some of the operating lease items, the straight lining was updated and adjustment made to the lease rentals on operating lease related expense of R687 057 (decrease), operating lease liability at R340 438 (decrease) and sundry payables at R346 619 (decrease).This resulted in a decrease of payables from exchange transactions from R4 580 129 to R3 893 072, opening balance for retained earnings from R19 503 646 to R18 890 536, lease rentals on operating lease expense from R6 451 391 to R6 159 222, as well as the restatement of the net assets and total net assets from R26 927 759 to R26 606 816.

The prior period balances for prepayments in the statement of financial position was restated due to a prior period error on the information technology maintenance and support wherein services were incurred prior to the finalisation of a contract and payment was made at a later date. This resulted in a prolonged dispute between the OPFA and FSCA regarding shared services charge as it relates to computer support services which was subsequently resolved. An adjustment was effected accordingly and it resulted in a decrease in opening prepayments balance for 2020 from R1 768 921 to R760 921, a decrease in opening retained earnings by R1 008 000 as the expense related to 2018.

The impact of the correction of the error(s) on prior year 2019 and 2020 financial statements and respective line items is as follows:

Figures in Rand	2020	2019
Statement of financial position		
Decrease in operating liability	340 438	–
Decrease in sundry payables	346 619	–
Decrease in prepayments	–	1 008 000
Decrease opening Accumulated Surplus or Deficit	394 889	1 008 000
Statement of financial performance		
Decrease in operating lease expense	292 168	–

23. Comparative figures

To improve presentation of the AFS, in the Statement of Financial Performance interest revenue was classified as Revenue from exchange transactions instead of Other income and lease rentals from operating leave was renamed to operating lease rental expense.

24. Risk management

Financial risk management

In the course of its day-to-day operations the OPFA is exposed to credit, liquidity and market risk. The OPFA has developed a comprehensive risk strategy in order to monitor and control these risks. The Internal Audit function reports on a quarterly basis to Audit and Risk Committee, independent governance committees that monitor risks and policies implemented to mitigate risk exposure. The risk management process relating to each of these risks is discussed under the headings below.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, other liquid financial instruments and the ability to settle debts as they become due. The entity endeavours to maintain adequate resources by monitoring rolling cash flow forecasts of the cash and cash equivalents on the basis of expected cash flow movements during the year.

The entity's financial liabilities mainly consist of Trade Creditors and Accruals which are presented in the statement of financial position for the year ended 31 March 2021 is R5 835 287 (2020: R3 893 074). The entity's financial assets mainly consist of cash and cash equivalents and receivables from exchange at R20 905 948 (2020: R15 716 621) and R368 857 (2020: R272 678) respectively. All these financial assets and liabilities matured or will mature in less than 12 months and the impact of discounting is considered insignificant and immaterial. The entity has sufficient liquid resources to settle its creditors as and when they fall due. Leave accrual has been included to take into account maximum possible exposure, though management sees the risk as less likely. Prior year was also adjusted accordingly for users to be able to compare year on year.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The OPFA only deposits cash with major banks with high quality credit standing and that are approved by the National Treasury.

Trade receivables from non-exchange transactions consist of funds owed by the FSCA and that had not been deposited to the OPFA's bank account. The credit risk is limited as the OPFA is funded by the FSCA which is a regulatory body that impose levies to regulated industries in terms of legislation. The effect of COVID19 on the collection of levies is not yet quantifiable and management continues to measure and manage the risk to ensure minimal impact on the operations of the OPFA.

The OPFA investment policy limits the entity to invest with the Reserve Banks' Corporation for Public Deposits (CPD).

24. Risk management continued

Management does not expect the credit risk exposure to materialise in the medium term, if conditions change, then the risk will be mitigated at such a time. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets.

Financial assets exposed to credit risk at year end were as follows:

Figures in Rand	2021	2020
Financial instrument		
Standard Bank Limited	**10 465 293**	15 404 926
Corporation for Public Deposits	**10 436 278**	286 881

Market risk

Interest rate risk

As the OPFA has no interest-bearing borrowings or significant interest-bearing assets, the entity's income and operating cash flows are substantially independent of changes in market interest rates. The assumption is that the only item that will be impacted by changes in interest rate is the cash and cash equivalents balance. If it is further assumed that the market interest rate applied by banks in accruing interest income on credit balances is proportionally altered with changes in the prime interest rate. In result, should the balances held in cash and cash equivalents remain constant, the entities cash and cash equivalents would decrease/increase by R104 530 (2020: R78 583) per annum for every increase/decrease by 50 basis points in the prime interest rate with a proportional increase/decrease in market interest rates.

Foreign exchange risk

The entity does not hedge foreign exchange fluctuations. Management reviews its foreign currency exposure, including commitments on an ongoing basis.

25. Going concern

We draw attention to the fact that at 31 March 2021, the entity had an accumulated surplus of R32 920 489 and that the entity's total assets exceed its liabilities by R32 930 489. A positive cash and cash equivalents balance of R20 905 948 to fund shortterm obligations as they fall due.

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 realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the entity to continue as a going concern is dependent on a number of factors. The most significant factor is that the FSCA collects levies imposed during the year, given the uncertain economic impact of COVID-19 on the financial services industry in general and pension funds industry in particular the increased risk of levy collection.

Management are monitoring the conditions and are in constant engagement with the FSCA regarding risks that may impact funding of the OPFA's operations.

Figures in Rand	2021	2020
26. Irregular expenditure		
Opening balance as previously reported	**199 467**	–
Opening balance as restated	**199 467**	–
Add: Irregular Expenditure – current	**–**	199 467
Closing balance	**199 467**	199 467
Incidents/cases identified include those listed below:		
Reasons for Irregular expenditure incurred		
Extension of more than 15% not approved by the National Treasury (Participation contract)	**–**	199 467

Recoverability steps taken/criminal proceedings

Background and disciplinary steps taken

The matter related to a participation contract that was entered into between the FSCA and Continuity South Africa for disaster recovery and support services. Whilst waiting for the finalisation of the procurement process for the new contract of which the OPFA intended to participate in due to an existing strategic arrangement for ICT shared services and operational requirements with the FSCA, a month-to-month contract was entered into. When the procurement process and contract was finalised the extension had exceeded 15%. A determination process was conducted by the internal Loss Control Committee, which confirmed that services were received and there was no evidence of fraud. The remedial actions were that the CFO and SCM Officer must attend an SCM refresher training and also setup necessary controls to ensure that similar non-compliance does not recur. A condonation request with the necessary documentation was submitted to the National Treasury and the OPFA is awaiting finalisation of that process.

27. Segment information

General information

Identification of segments

The entity is organised and reports to management on the basis of its core mandate as set out in the Pension Funds Act 24 of 1956. Due to the nature and design of the services provided by the entity, management reviews and evaluates the entity as a whole, as all risks, resources and financial matters of the entity are directed to the delivery of its mandate.

The entity's operations are located in Pretoria, its only office in the country. Although the office services the public throughout the country, its operational risks and financial costs are limited to a single location. It is on this basis that management views the entity as a single segment to which adequate disclosure has been made in these annual financial statements.

28. Budget differences

Material differences between budget and actual amounts

Personnel costs

During this period vacancies in case management, discontinuation of COO position and short-term vacancies due to employee movement resulted in the salaries expenditure being underspent.

Depreciation and amortisation

The underspending relates to budgeted acquisitions that were finalised later towards the end of the financial year.

Legal services

Legal fees budgeted for include section 30P appeals and labour relations matters. These expenses are dependent on number and nature of claims, and the over expenditure is as a result of settlement of cost orders.

Information technology and support

Information technology and support relates to ICT services provided by FSCA. The over expenditure is as a result of accounting for pre-payments of Computer Support and Maintenance from previous year.

Property, plant and equipment and Intangible assets

The overspending stems from the ermegency back-up infrastructure and software project that was not budgeted for; Disaster recovery infrastructure and risk management system that was contracted for in the 2019/20 financial year but completed and paid for in the current financial year.

Operating lease rentals

The underspending is mainly due to additional office space project that was halted until financial impact of COVID-19 is quantifiable.

Other operating expenses

The underspending is attributable to outreach programmes that were cancelled during the year mainly as a result of COVID-19 developments in the last quarter of the year and other resultant savings such as promotional and travel expense

29. B-BBEE Performance

Information on compliance with the B-BBEE Act is included in the annual report under the section titled B-BBEE Compliance Performance Information.

PART E: Performance Information

Performance Information continued

Programme 1: Dispose of complaints received			
Outcome	**Output**	**Output Indicator**	**Audited Actual Performance 2018/2019**
1.1 New Complaints Unit (NCU) to finalise matters received expeditiously	1.1.1 Allocate all valid complaints within 5 working days from receipt to case management teams. This is specific to complaints that have all the necessary documents to allow NCU to adequately assess and allocate.	1.1.1 Time taken in days for the NCU to allocate valid complaints. KPI was subsequently amended from 2020/21	**Achieved.** Complaints were finalised within three months or allocated to case management teams within two days.
	1.1.2 Allocate all complaints where outstanding information is subsequently received within 2 days of such receipt to case management teams (including reopened cases)	1.1.2 Time taken in days for the NCU to allocate complaints where outstanding information was subsequently received including re-opened cases.	New KPI
	1.1.3 Close all complaints within 60 working days from date of receipt categorised as: • Abandoned • Withdrawn • Reformulations • Duplicates • Out of jurisdiction	1.1.3 Time taken in days for the NCU to close matters categorised as: • Abandoned • Withdrawn • Reformulations • Duplicates • Out of jurisdiction	New KPI

Audited Actual Performance 2019/2020	Planned Annual Target 2020/2021	Actual Achievement 2020/2021	Deviation from planned target to Actual Achievement 2020/2021	Reasons for deviations
Achieved. 11 179 new complaints were successfully processed within 3 months	Within 5 working days	**Not achieved.** 93% of complaints allocated within 5 working days – Received 7 014 complaints.	Planned target is 100% of received complaints allocated within 5 working days and only 93% was achieved (7% of received complaints were not allocated within 5 working days).	Periods of receipt of bulk complaints were experienced, resulting in the complaints not being allocated within 5 working days. An error on the website also resulted in delays. Remedial action: Consider implementing a queuing system and allocating additional resources in cases of bulk complaints. Daily monitoring of the website
New KPI	Within 2 days	**Achieved.**	Not applicable.	Not applicable.
New KPI	Within 60 working days	**Not achieved.** 99.8% of cases closed within 60 working days – 2 143 cases were closed as follows: 431 Abandoned, 21 Withdrawn, 74 Duplicates, and 1 617 Out of jurisdiction.	Planned target is 100% of complaints closed with 60 days, and only 99.8% was achieved. Only 4 cases (0.2%) of complaints were not closed within 60 days.	The 4 cases closed after 60 days were not properly monitored. Remedial action: Consequence management

Performance Information continued

Programme 1: Dispose of complaints received			
Outcome	**Output**	**Output Indicator**	**Audited Actual Performance 2018/2019**
1.2 Dispose of complaints in a procedurally fair, economical and expeditious manner in terms of the Act	1.2 Finalised complaints with time taken to resolve them	1.2 Percentage of complaints finalised within set timeframes	**Not achieved.** 8 234 matters finalised as follows: 5 319 Determinations, 2 404 Settlements, and 511 deemed to be Out of jurisdiction. 36% of complaints within six months of receipt, 98% within nine months of receipt and 100% within eleven months of receipt.

Audited Actual Performance 2019/2020	Planned Annual Target 2020/2021	Actual Achievement 2020/2021	Deviation from planned target to Actual Achievement 2020/2021	Reasons for deviations
Not achieved. 7 737 matters finalised as follows: 4 991 Determinations, 2 170 Settlements, and 576 deemed to be Out of jurisdiction. 28% of complaints finalised within six months of receipt, 88% within nine months of receipt and 94% within eleven months of receipt.	To finalise 80% of the complaints within six months of receipt, 95% within nine months of receipt and 100% within eleven months of receipt with an exception of cases that are under curatorship and/or reopened due to reasons not within the OPFAs control.	**Not achieved.** 8 708 cases were finalised as follows: 5 245 Determinations, 2 807 Settlements, and 656 Out of jurisdiction. 56% of the complaints finalised within six months of receipt, 83% within nine months of receipt, and 92% within eleven months of receipt. Furthermore, 89 cases were finalised at Case Management as follows: 65 Withdrawn, 6 Abandoned, and 18 Duplicates.	Within six months of receipt – 80% planned target, and only 56% achieved (24% less complaints finalised). Within nine months of receipt – 95% planned target, and 83% achieved (12% less complaints finalised). Within eleven months of receipt – 100% planned target, and 92% achieved (8% less complaints finalised).	Failure by line management in the adjudication process to properly monitor ageing of complaints, failure to implement appropriate quality control measures and delays by funds/ administrator in filing responses timeously. Remedial action: Responsibility and accountability during performance management process and consequence management.

Performance Information continued

Programme 2: Achieve operational excellence			
Outcome	**Output**	**Output Indicator**	**Audited Actual Performance 2018/2019**
2.1 Achieve operational excellence and clean administration	2.1.1 Management and Audit Report with no material findings that will lead to a qualified opinion.	2.1.1 Unqualified audit opinion	**Achieved.** Unqualified audit opinion with no material findings
	2.1.2 A percentage of Suppliers paid within 30 days	2.1.2 A percentage of OPFA Suppliers paid within 30 days	New KPI
2.2 Achieve operational excellence and promote equal opportunity, fair treatment and redress in the workplace	2.2 Percentage implementation of the employment equity plan	2.2 Percentage implementation of Employment equity plan for the specific areas: % African employees % Female employees % Disabled employees	**Not achieved.** 88% Black employees 62% Female employees 0% Disabled employees

Audited Actual Performance 2019/2020	Planned Annual Target 2020/2021	Actual Achievement 2020/2021	Deviation from planned target to Actual Achievement 2020/2021	Reasons for deviations
Achieved. Unqualified opinion with no material findings	Unqualified audit opinion	**Achieved.** Unqualified opinion with no material findings	Target was chieved with no material findings on compliance and performance information.	The OPFA aims to maintain the Unqualified opinion with no material findings
New KPI	90%	**Achieved.** 99.7%	90% planned target, and 99.7% achieved (9.7% more invoices were paid within 30 days).	The OPFA aims to pay all invoices within 30 days.
Not achieved. 86% Black employees 58% Female employees 0% Disabled employees	87% African employees 60% Female employees 5% Disabled employees	**Not achieved.** African employees – 82.76% (48 of the 58 employees) Female employees – 56.90% (33 of the 58 employees) Disabled employees – 1.72% (1 of the 58 employees)	African employees – 87% planned target, and 82.76% achieved (4.24% less employees). Female employees – 60% planned target, and 56.90% achieved (3.1% less employees). Disabled employees – 5% planned target, and 1.72% achieved (3.28% less employees).	Scarcity of the required skills in the OPFA environment. Remedial action: Employment equity committee to monitor compliance and only authorise deviation in appropriate circumstances

Performance Information continued

Programme 2: Achieve operational excellence			
Outcome	**Output**	**Output Indicator**	**Audited Actual Performance 2018/2019**
2.3 To ensure established ICT systems support business needs, overall organisational strategy and the OPFA risk management strategy.	2.3.1 Implemented projects as per the ICT Strategic projects plan	2.3.1 Percentage implementation of the ICT strategic projects plan	**Achieved.** 85% of ICT plan was implemented.

Audited Actual Performance 2019/2020	Planned Annual Target 2020/2021	Actual Achievement 2020/2021	Deviation from planned target to Actual Achievement 2020/2021	Reasons for deviations
Not achieved. 50% of projects were achieved (2 of 4 projects) The new Risk Management System was implemented and migration of applications onto the new Operating System and Database environments was completed.	100% implementation of the ICT strategic projects plan	**Not achieved.** 0% implementation of the ICT strategic projects plan. Projects in progress – Backup Solution (currently backing up ICT data and applications on the new equipment using the newly implemented software) and Telephony System (a recovery plan has been developed to migrate lines from the OPFA to the FSCA data centre). Cancelled projects – Business Intelligence Tool and LAB Infrastructure refresh.	4 x ICT projects were planned – 2 are currently in progress, and 2 were cancelled.	There was a delay with starting the projects currently in progress due to the vacancy of the IT Manager position, as well as the development of a cost-efficient approach for the Telephony System, and reprioritisation of projects with regards to the Backup Solution. As a result of the reprioritisation process that was undertaken during the year, the funding for the two cancelled projects was reallocated to other priority projects. **Remedial action:** Project progress will monitored and reported to the ICT Steering Committee at least quarterly.

Performance Information continued

Programme 2: Achieve operational excellence			
Outcome	**Output**	**Output Indicator**	**Audited Actual Performance 2018/2019**
	2.3.2 Implemented activities as per the BCM operational plan	2.3.2 Percentage implementation of approved annual BCM operational plan	**Achieved.** Complied 100% with the annual BCM Plan

Audited Actual Performance 2019/2020	Planned Annual Target 2020/2021	Actual Achievement 2020/2021	Deviation from planned target to Actual Achievement 2020/2021	Reasons for deviations
Not achieved. The disaster recovery test was not completed. Activities achieved were the approval of the disaster management plan, updating of the battle box for disaster recovery, and training on risk management and ethics.	100% implementation of approved annual BCM operational plan	**Not achieved.** 75% implementation of BCM operational plan. 1 x Official Disaster Recovery Test successfully completed, and the Business Continuity Plans were updated and approved.	2 x Disaster Recovery Tests were planned – only 1 official test completed.	The Disaster recovery site was closed due to COVID-19 and re-opened in late August 2020 – two dry runs, which were necessary before completing an official test, were completed by December 2020. Process of replacing and updating infrastructure at the Disaster recovery site is currently underway – implementation of the process commenced during March 2021. Remedial action: BCM plan will be tracked to ensure that all planned DR tests are conducted.

Performance Information continued

Programme 3: Effective stakeholder engagement			
Outcome	**Output**	**Output Indicator**	**Audited Actual Performance 2018/2019**
3.1 Conduct impactful awareness programmes; build meaningful and collaborative stakeholder relationships.	3.1 Implemented activities on the stakeholder engagement plan	3.1 Percentage implementation of activities in the approved stakeholder engagement plan	**Not Achieved.** 36% implementation of activities in the stakeholder engagement plan
3.2 High quality customer service experience and impactful stakeholder engagement	Stakeholder satisfaction survey percentage	3.2 Overall percentage of stakeholder satisfaction survey	New KPI

Audited Actual Performance 2019/2020	Planned Annual Target 2020/2021	Actual Achievement 2020/2021	Deviation from planned target to Actual Achievement 2020/2021	Reasons for deviations
Not achieved. 55% of activities were implemented. Of the 31 approved activities on the Stakeholder Plan, the following were achieved: 11 stakeholder meetings; 5 conferences and 1 breakfast session.	80% implementation of activities in the approved stakeholder engagement plan 4 x Industry Conferences and Seminars participation 2 x Group sessions with industry stakeholders 2 x visits to Tertiary institutions 4 x Media releases 1 x Annual Report issued 2 x Outreach programmes (Roadshows) 4 x Internal Staff meetings	**Not achieved.** 63% implementation of activities in the approved engagement plan. 3 x Industry conferences 1 x Group breakfast session with stakeholders 1 x visit to North West University 8 x Media releases 1 x Annual Report issued 3 x Internal staff meetings	Planned targets and actual achievement for stakeholder engagements are as follows: Industry conferences and seminars – 4 planned, but 3 achieved. Group sessions with industry stakeholders – 2 planned, but 1 achieved. Tertiary institution visits – 2 planned, but 1 achieved. Media releases – 4 planned, but 8 achieved. Outreach programmes – Suspended due to COVID-19. Staff meetings – 4 planned, but 3 achieved.	Some of the activities could not be carried out as a result of COVID-19 disruptions, as well as failure to monitor and execute plan to ensure that all other activities are conducted. Remedial action: For the duration of the COVID-19 interruption, ensure that appropriate activities are implemented
Not achieved. 64.14% Stakeholder satisfaction rate	75% satisfaction rate from Stakeholder satisfaction survey	**Not achieved.** 69.22% Stakeholder satisfaction from the Employee Wellbeing Survey.	75% planned target, and 69.22% achieved (5.78% less satisfaction rate). This survey was meant for internal stakeholders (employees), which is a continuation of the external stakeholder survey that was conducted in the 2019/20 review period.	The survey is based on feedback received from the employees on their experience of the OPFA as an internal stakeholder. Remedial action: An action plan was developed based on the feedback received.


PFA
Pension Funds Adjudicator

RP202/2021
ISBN: 978-0-621-49590-4