



Community Schemes
Ombud Service

Affordable Reliable Justice



ANNUAL PERFORMANCE PLAN FOR 2021/22



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EXECUTIVE AUTHORITY STATEMENT

I hereby present, to Parliament, the 2021/22 Annual Performance Plan (APP) of the Community Schemes Ombud Service (CSOS).

The purpose of the report is to provide Parliament and the public with the commitments that the Entity will be implementing during the 2021/22 Medium Term Expenditure Framework (MTEF) period, and to account in broad terms for how allocated resources will be used in fulfilling the statutory functions of the Entity, towards achieving its mandate. The human settlements trajectory proposes that, “by 2050, visible results from effectively coordinated spatial planning systems shall have transformed human settlements in South Africa into equitable and efficient spaces, with citizens living in close proximity to work with access to social facilities and necessary infrastructure”.

With the increasing cost of living and other expenses, communal living remains one of the primary and most cost-effective ways of living, and the CSOS must play a pivotal role in ensuring that the people of the Republic of South Africa live in the most conducive state of Community Schemes. At the core of the strategic intent of the Entity is to ensure that we strive to meet our Constitutional mandate – which is to ensure human dignity, the achievement of equality, and the advancement of human rights and freedom. The CSOS Act empowers the organisation to help create and facilitate orderly and well-managed community schemes. This will be carried out by resolving disputes amongst the parties, administration of schemes governance documentation, and providing regular training and education to all stakeholders. Fostering interrelationships between the CSOS and various community schemes is critical.

The Entity continued offering dispute resolutions services at the Regional offices as prescribed by Section 39 of the Community Schemes Ombud Service Act, No. 09 of 2011. Through its dispute resolution service and the promotion of good governance, CSOS will maintain stability and harmonious relations between the parties within community schemes.

The 2019/20 financial year was a year that accelerated stakeholder interrelations towards ensuring that the Service has a complete database of community schemes in South Africa. Several engagements were held with institutions that have data for community schemes. This includes organisations, such as the Deeds Office and Companies and Intellectual Property Commission (CIPC). The information contributed to providing the CSOS with the number of community schemes in South Africa. This APP targets the registration of all submitted community scheme registration documents.

Despite the progress towards ensuring that the community schemes database is complete, major challenges regarding the collection of levies still exist. There are 29 264 community schemes registered with CSOS in total, and 19 915 community schemes are paying levies, whereas 9 349 are not paying, as a result the paying schemes comprise 68% of the registered schemes. In the 2020/21 financial year, the Entity conducted a data cleansing exercise that is assisting with mitigating some of the challenges of allocating levy payments and the registration of unregistered schemes. CSOS will also continue with the implementation of the Community Scheme Registration Strategy, as well as the Revenue Management Strategy to achieve the levy collection targets by ensuring that levies are collected from all community schemes as per the CSOS Act.

The need for CSOS to be more visible and play a more active role in educating consumers and raising awareness about its existence is a critical priority. The CSOS will also build meaningful relations with other entities within the Department of Human Settlements to ensure inter-agency dependencies are explored and leveraged.

With all the work that the Entity and the sector partners have delivered in the previous financial year, we remain committed to the mandate of especially ensuring an effectively regulated Community Scheme Sector.

I endorse this Annual Performance Plan for the 2021/22 financial year, as the second year of the Revised 2020-2025 Strategic Plan. I have full confidence in the Board and management team's ability and commitment to achieve the performance targets reflected in this plan.

Many thanks.



Honourable L N Sisulu, MP
Minister of Human Settlements, Water and Sanitation

ACCOUNTING AUTHORITY STATEMENT

In my capacity of Chairman of the Board of the Community Schemes Ombud Service (CSOS), it is my pleasure to present the Entity's Annual Performance Plan for 2021/22, to our Executive Authority.

The CSOS was formulated to regulate the Community Schemes industry in South Africa. This will only be possible with a complete and accurate database. The entire CSOS value chain and service delivery model is underpinned on the success in creating a complete database of community schemes. The *registration of community schemes* is founded on the CSOS Regulations and not the CSOS Act. This has necessitated amendments to the CSOS Act, which the Department of Human Settlements is currently working on. While CSOS aims for 100% compliance with the registration by schemes, this can only be attained in the long term. In the short term, the aim is to ensure that at least 80% of the schemes are registered within the coming 3 years. Registration of schemes is critical for the development of database of community schemes.

The database is critical not only for collection of levies, but also for the provision of education and training. To achieve the complete database, CSOS collaborated with other stakeholders that have community schemes data. We fully believe that the collaborations will yield progressive results for the Entity, as there have been several breakthroughs in terms of the CSOS gaining access to external databases with community scheme data, including, through engagements with the Deeds Office, the CIPC, Surveyor-General, Department of Small Business and SARS. Agreements are being finalised to enable access to the data in order to increase scheme registrations.

The Entity continued with the implementation of the Community Schemes Registration Strategy. The objective of the Strategy is to ensure that CSOS registers all community schemes, so that they can be regulated in accordance with the CSOS Act. Part of the activities in the strategy is to coordinate engagements with institutions that have data for community schemes. The engagement must be supported by the registration system, which CSOS will procure in the 2021/22 financial year. The procurement of the Business Automation System is one of the major interventions to be prioritised in this financial year. The Board will oversee this process and ensure the procurement of an effective system to move the Entity forward. To ensure efficient compliance with registration process, CSOS will implement the following measures: Improve efficiency and automate the registration process; and pending automation, the CSOS will continue to employ database administrators to manually populate the database.

Communal living within a community scheme triggers conceptually a tripartite relationship between the parties, i.e. an owner's right of ownership to the sectional unit or residential unit, collective ownership of the common property, and an owner's right to participate in the management of the community scheme's governance. The CSOS Act was promulgated to, amongst others, provide an affordable and effective dispute resolution mechanism within community schemes. In the provision of dispute resolution services, the CSOS has resolved an average of 70% of disputes as opposed to the planned 80%. To improve on the provision of the dispute resolution services in this planning period, part-time adjudicators have been appointed.

One of the unexpected, successful outcomes of the COVID-19 national lockdown has been the resourceful way in which community schemes have engineered new processes, using available digital platforms to sustain productivity. In the 2020/21 financial year we have also commenced with the virtual coordination of Conciliations and Adjudications, this has progressed very well and has proven to be very efficient. The virtual conciliation and the paper-based adjudication will

continue in the 2021/22 financial year to complement the face-to-face session, at the end of the lockdown.

In terms of Section 4(2)(b) of the Community Schemes Ombud Service Act no 9 of 2011 (CSOS Act), CSOS is mandated to provide education, information, documentation and such services as may be required to raise awareness to owners, occupiers, executive committees, and other person or entities who have rights and obligations in community schemes. To achieve this mandate, a marketing and communications plan (Go-To Market) will be implemented in the coming financial year. The need for CSOS to be more visible and play a more active role in educating consumers and raising awareness about our existence has also been highlighted in several important forums, such as the Parliamentary Portfolio Committee of Human Settlements and Select Committee on Social Services. CSOS is adopting a sharper and more targeted stakeholder communication, in line with the Implementation Plan.

Marketing and communication initiatives assist in driving registration with most schemes registered. The schemes are already on the first move of being fully compliant. It is, therefore, important to implement vigorous stakeholder engagement initiatives, targeting schemes that are not registered. This will entail introducing CSOS to the said community schemes, explaining the mandate, objective and the role of CSOS within community schemes. The focus in the communication will be on the benefit that community schemes will derive from being a registered and a compliant scheme.

The CSOS generates its revenue from levies, government grant, interest income and dispute resolutions income. Levies are the major source of revenue for the CSOS, which is limited only by the level of compliance of community schemes with their obligations to register and to pay their levies once registered. While payment levels have been better than expected, considering the drastic effects on the economy and unemployment levels due to COVID-19, the CSOS has remained in a good position to sustain its operations. The Entity also continues to create awareness through its Education and Training sessions, which are appreciated by stakeholders.

The Board continues to provide effective oversight of the Entity and has supported the recruitment drive, which has assisted the organisation to build much needed capacity in the various business units of the organisation. The qualified audit outcome received for the 2019/20 financial year is an improvement on the adverse outcome of the previous financial year, with prevailing findings on non-compliance with laws and regulations. The Entity has developed an Audit Remedial Action Plan based on the 2019/20 audit outcome by the Auditor-General South Africa (AGSA), which is being implemented and reported on, on a quarterly basis to Exco and Audit and Risk Committee (ARC) to ensure the CSOS remains on track to improve its audit outcome in the next financial year.

We would like to convey our outmost respect and gratitude to the Minister Lindiwe Sisulu, Deputy Minister Pamela Tshwete and the Department of Human Settlement Water and Sanitation for their guidance. Our gratitude further goes to industry stakeholders for the cooperation and fruitful engagements in moving the Community Scheme Sector forward. We also thank Team CSOS for their valued inputs in the achievements of the Entity's commitments, and encourage them to continue to regulate and provide an efficient ombud service in the interests of community schemes.

It is the Board's strategic intent to ensure that the CSOS contributes meaningfully to the achievement of the 2030 human settlements vision, through the enhancement of vibrant community schemes as an alternative tenure option for most citizens in the country. To this end, we fully endorse this Annual Performance Plan for 2021/22, and commit to ensuring accountability for its implementation and execution by management through effective oversight, monitoring and reporting.



Mr. Mthobi Tyamzashe

Chairperson of the Board

ACCOUNTING OFFICER STATEMENT

The CSOS takes its guidance from the National Department of Human Settlements in terms of Priority 5: Spatial Integration, Human Settlements and Local Government.

The desired Outcome is spatial transformation through improved integrated settlement development, and linking job opportunities and housing opportunities. The focus is on the implementation of housing and human settlements in Priority Development Areas (PDAs), and contributing to the 2030 Human Settlements Vision as articulated in the National Development Plan, particularly in managing the contemporary economic and demographic shifts in urban areas.

As reflected in the Revised 2020-2025 Strategic Plan, the CSOS has identified five (5) outcomes that will contribute to the achievement of the 2019-2024 Medium Term Strategic Framework (MTSF). CSOS is mandated in terms of Section 2 of the Community Schemes Ombud Service Act, No. 09 of 2011, to deal with the functions and operations of CSOS, governance of schemes and dispute resolution in community schemes. The CSOS Act empowers the organisation to help create and facilitate orderly and well-managed community schemes.

This will be carried out by resolving disputes amongst the parties, providing a Dispute Resolution service for community schemes in South Africa, remains a focus area for the Entity. The COVID-19 restrictions of face-to-face interaction led to the suspension of all contact processes for conciliation and adjudication. Conciliations and adjudication are conducted virtually and on paper. The identified risk is that some of scheme members are not keen to participate in virtual conciliation or have their matter adjudicated on paper. This will have an impact on the 90-day target and the quarterly targets of 85%. The identified risk has necessitated the reduction of percentage of disputes conciliated and adjudicated. Conciliations and adjudications will continue to be conducted virtually, albeit with some level of flexibility, dependent on an applicant or respondent's circumstances.

A key enabler of the 2020-2025 Strategic Plan is the implementation a Community Schemes Registration Strategy, which aims to ensure that CSOS registers all community schemes, so that they can be regulated in accordance with the CSOS Act. To achieve optimal regulation and facilitate implementation of the CSOS's service delivery model, it is a requirement of the CSOS Regulations that community schemes must register with the CSOS. Whilst the CSOS is working on the creation of a nationwide database that captures all manner and type of community scheme, a register that captures 100% of the industry can only be attained in the long term.

Affecting the term of this Annual Performance Plan (APP), the Entity has a strategy in place that is designed to achieve at least 80% industry compliance in the coming 3 years. We have engaged the Deeds Office, the Companies and Intellectual Property Commission (CIPC) and the Surveyor-General to ascertain the quantum of community schemes registered on their databases. The CSOS is also working with the Department of Human Settlements on the amendment of the CSOS Act to ensure greater industry compliance and enforcement.

The provision of consumer education is a key priority area and a critical target in the CSOS APP. CSOS will collaborate with other stakeholders to ensure registration of all community schemes. Stakeholder engagement will be implemented as per the Stakeholder Engagement Strategy. The Entity will also ensure the training of previously disadvantaged individuals, in order to enable opportunities of being appointed as Executive Managing Agents. This initiative will also contribute to ensure transformation of the sector. With restrictions on meetings and face-to-face contact, all education and training will be conducted via webinar or team meetings, depending on the number

of scheme members. Engagements with major stakeholders are done virtually, and the implementation of the Marketing and the Communication Strategy will not be impacted.

The CSOS levy makes up the highest income stream and forms the substantial income to be utilised in the CSOS budget year-on-year. It is further provided in Section 19(c) of the Act that the Chief Financial Officer must ensure that the service has adequate income and liquidity to perform its functions. CSOS should, therefore, be able to sustain itself financially from the two predominant sources of income being the community schemes levies, dispute resolution and governance documents income.

A strategic enabler of the 2020-2025 CSOS Strategic Plan is the implementation of a Revenue Management Strategy, whose objective it is to provide an overarching framework and intervention plan for ensuring that levies are collected from all community schemes as per the CSOS Act; and that collected levies, dispute resolution and governance documents income are accounted for correctly and accurately. The target for the 2021/22 financial year is R238 million, up from the 2020/21 target of R217 million target (adjusted for the impact of COVID-19).

We are finalising the process of procuring services for the development, deployment and support of a system that will be used for its core operations. These operations include Revenue Management (including the CSO levy reconciliation and allocations); Dispute Resolutions; Governance, Compliance and Enforcement (including Registrations and Schemes documentation governance and Stakeholder Engagement Customer Relations Management (CRM) that makes use of the registrations database to effectively communicate with the schemes).

The procurement of office space for the CSOS Head Office and Gauteng Regional Office has been finalised and we will be operating on the new premises as of 1 February 2021. A CSOS Human Resource Plan (HRP) has been adopted as the tool to ensure that all the employees' needs are identified on time and are adequately addressed to enable optimum achievement of the CSOS' strategic objectives. The recruitment and capacitation drive has resulted in a 26% growth in the staff complement in the 2019/20 financial year, with a total of 27 permanent posts and 14 temporary posts filled. The plan is to reduce the staff vacancy rate to 5% in 2021/22 and to optimise the ratio between admin and core staff through the review of the CSOS organisational structure and capacitation plan. This will be conducted in parallel with the feasibility studies on expanding the regional footprint for the CSOS.

In CSOS, the effort to minimise the risk of exposure to COVID-19 requires the collective effort and cooperation by the employees of the Service, community schemes at large and applicants for dispute resolution services. CSOS has initiated measures to help support employees' physical and emotional well-being, whether at work or at home. Regular communiques are issued to employees on any issues relating to COVID-19. In terms of maintaining business continuity, CSOS employees are provided with the necessary resources and support they need to be productive, especially as they adapt to working remotely. The Entity has reviewed the budget to reallocate costs to expenditure that are impacted and will continue to monitor all expenditure.

Furthermore, the Entity coordinated a review of strategy due to changes in business, such as a provision to allow only a limited number of employees at the office and remote provision of services, which might have an impact on CSOS meeting its objective. A Compliance Plan has been developed and will be used as a compliance monitoring tool on a daily basis. Risk assessment was coordinated, and the Steering Committee is monitoring the implementation of corrective measures. Reporting is done at Exco on all COVID-19 related activities.

To support the achievement of the outcomes of the Revised 2020-2025 Strategic Plan, this 2021/22 APP has incorporated the following programme performance enablers:

- 1) Building relations with key stakeholder groups by demonstrating good performance, communicating effectively, and implementing decisions and resolutions with speed;
- 2) Establishing a complete database of community schemes in South Africa;
- 3) Establishing a complete database of schemes governance documentation;
- 4) Creating awareness and ensuring good governance within community schemes;
- 5) Supporting the Department of Human Settlements to finalise the legislative review and policy development process;
- 6) Resolving disputes within 90 days, and minimising the number of successful appeals by establishing an internal review process;
- 7) Improving the accuracy and completeness of revenue, and increasing the revenue base;
- 8) Strengthening CSOS' investment in innovative marketing, communication and stakeholder training and awareness interventions;
- 9) Rolling out the Business Automation Solution (ERP system); and
- 10) Advancing Community Scheme Sector transformation through B-BBEE and preferential procurement, and the appointment of previously disadvantaged individuals as EMAs. Focus will be on the designated groups, particular women as from the 2021/22 planning period.

On behalf of the management team, we present this 2021/22 APP for approval by the Board and tabling in Parliament by the Minister, as the Executive Authority.

Thank you.



Ms. Ndivhuo Rabuli

Acting Chief Ombud

OFFICIAL SIGN-OFF

It is hereby certified that this 2021/22 Annual Performance Plan:

- 1) Was developed by the management of the Community Schemes Ombud Service, under the guidance of the Board and the Minister for Human Settlements, Water and Sanitation;
- 2) Takes into account all the relevant policies, legislation and other for which the Community Schemes Ombud Service is responsible;
- 3) Accurately reflects the Outputs and Targets which the Community Schemes Ombud Service will endeavour to achieve over the 2021/22 financial year.



Mr. L. Seshoka

Executive: Corporate Affairs



29 January 2021

Date

29 January 2021

Date

Mr. P. Naicker

Chief Information Officer



29 January 2021

Date

Ms. K. Mlotha

Adjudicator General



29 January 2021

Date

Ms. B. Phetlhe

Acting Chief Financial Officer



29 January 2021

Date

Ms. K. Phetla

Manager: Strategy, Planning and Monitoring and Evaluation



Ms. N. Rabuli

Acting Chief Ombud

29 January 2021

Date

APPROVED BY:



Mr. M. Tyamzashe

Chairperson of the Board

29 January 2021

Date



**Honourable L N Sisulu, MP
Minister of Human Settlements, Water and Sanitation**

21/03/2021

Date

ABBREVIATIONS AND ACRONYMS

AGSA	Auditor-General of South Africa
ALDP	Accelerated Leadership Development Programme
APP	Annual Performance Plan
ARC	Association of Rental Communities
ARC	Audit and Risk Committee
BAS	Business Automation Solution
B-BBEE	Broad-Based Black Economic Empowerment
CCMA	Commission for Conciliation, Mediation and Arbitration
CFO	Chief Financial Officer
CIPC	Companies and Intellectual Property Commission
CONADS	Conciliation Adjudication
CONARBS	Conciliation Arbitration
COVID-19	Corona Virus Disease 2019
CPDP	Continuous Professional Development Programme
CRM	Customer Relationship Management
CSOS	Community Schemes Ombud Service
DHS	Department of Human Settlements
DPME	Department of Planning, Monitoring and Evaluation
EAAB	Estate Agency Affairs Board
EE	Employment Equity
EMA	Executive Managing Agent
ERP	Enterprise Resource Planning
Exco	Executive Committee / Executive Council
GCIS	Government Communications and Information System
GDP	Gross Domestic Product
GP	Gauteng Province
HAD	Housing Development Agency
HR	Human Resources
HRP	Human Resource Plan
ICT	Information, Communications and Technology
IMF	International Monetary Fund

IT	Information Technology
KZN	KwaZulu-Natal
MOA/U	Memorandum of Agreement/Understanding
MTEF	Medium Term Expenditure Framework
MTSF	Medium Term Strategic Framework
N/A	Not Applicable
NAMA	National Association of Managing Agents
NDP	National Development Plan
NHBRC	National Home Builders Registration Council
OHS	Occupational Health and Safety
PDA	Priority Development Area
PDI	Previously Disadvantaged Individual
PFMA	Public Finance Management Act
POPI	Protection of Personal Information
RFQ	Request for Quotation
RSA	Republic of South Africa
SABC	South African Broadcasting Corporation
SARB	South African Reserve Bank
SARS	South African Revenue Services
SCM	Supply Chain Management
SHRA	Social Housing Regulatory Authority
SLA	Service Level Agreement
STSM	Sectional Titles Schemes Management
STSM Act	Sectional Titles Schemes Management Act
SWOT	Strengths, Weaknesses, Opportunities, Threats
TOR	Terms of Reference
TV	Television
WC	Western Cape
WEO	World Economic Outlook

TABLE OF CONTENTS

EXECUTIVE AUTHORITY STATEMENT	3
ACCOUNTING AUTHORITY STATEMENT	5
ACCOUNTING OFFICER STATEMENT	8
OFFICIAL SIGN-OFF	11
ABBREVIATIONS AND ACRONYMS.....	13
PART A: OUR MANDATE.....	17
1. UPDATES TO THE RELEVANT LEGISLATIVE AND POLICY MANDATES.....	17
2. UPDATES TO INSTITUTIONAL POLICIES AND STRATEGIES	19
3. UPDATES TO RELEVANT COURT RULINGS.....	22
PART B: OUR STRATEGIC FOCUS	23
1. UPDATED SITUATIONAL ANALYSIS	23
1.1. External Environment Analysis	23
1.1.1. <i>Scheme Registration</i>	25
1.1.2. <i>Compliance and Enforcement</i>	27
1.1.3. <i>Levy Collection</i>	28
1.1.4. <i>Stakeholder Engagement and Advocacy</i>	29
1.2. Internal Environment Analysis	31
1.2.1. <i>COVID-19 Impact on CSOS, and Learnings Looking Forward</i>	35
1.3. Summary of Priorities Informing 2021/22 Planning	36
PART C: MEASURING OUR PERFORMANCE	40
1. INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION	40
1.1. Programme 1: Administration	40
1.1.1. <i>Programme Purpose</i>	40
1.1.2. <i>Programme 1: Outcome, Outcome Indicator and Five-Year Target*</i>	43
1.1.3. <i>Programme 1: Outcomes, Outputs, Output Indicators and Targets</i>	43
1.1.4. <i>Programme 1: Outcome Indicators: Annual and Quarterly Targets*</i>	45
1.1.5. <i>Programme 1: Output Indicators: Annual and Quarterly Targets</i>	45
1.1.6. <i>Programme 1: Explanation of Planned Performance over the Medium-Term Period</i>	47
1.2. Programme 2: Regulation	50
1.2.1. <i>Programme Purpose</i>	50
1.2.2. <i>Programme 2: Outcomes, Outputs, Output Indicators and Targets</i>	52

1.2.3. Programme 2: Output Indicators: Annual and Quarterly Targets	54
1.2.4. Programme 2: Explanation of Planned Performance over the Medium-Term Period.....	55
1.3. Programme 3: Education and Training.....	56
1.3.1. Programme Purpose.....	56
1.3.2. Programme 3: Outcomes, Outputs, Output Indicators and Targets	58
1.3.3. Programme 3: Output Indicators: Annual and Quarterly Targets	60
1.3.4. Programme 3: Explanation of Planned Performance over the Medium-Term Period.....	61
2. PROGRAMME RESOURCE CONSIDERATIONS	62
2.1. Explanation of the Resources' Contribution to Achieving the Outputs.....	70
3. UPDATED KEY RISKS.....	72
4. PUBLIC ENTITIES.....	74
5. INFRASTRUCTURE PROJECTS	74
6. PUBLIC / PRIVATE PARTNERSHIPS	74
PART D: TECHNICAL INDICATOR DESCRIPTIONS	75
1. PROGRAMME 1: ADMINISTRATION.....	75
2. PROGRAMME 2: REGULATION	83
3. PROGRAMME 3: EDUCATION AND TRAINING	89
ANNEXURES TO THE ANNUAL PERFORMANCE PLAN	95
ANNEXURE A: AMENDMENTS TO THE STRATEGIC PLAN	95
ANNEXURE B: CONDITIONAL GRANTS.....	95
ANNEXURE C: DISTRICT DEVELOPMENT MODEL	95
ANNEXURE D: MATERIALITY FRAMEWORK.....	95
ANNEXURE E: LOCATION IN CORPORATE PLANS OF CSOS MTSF-CONTRIBUTING TARGETS.....	106

PART A: OUR MANDATE

1. UPDATES TO THE RELEVANT LEGISLATIVE AND POLICY MANDATES

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

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

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

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

PURPOSE OF THE CSOS ACT

The purpose of the CSOS Act is to provide for –

- a) the establishment of the CSOS.
- b) the functions, operations and governance of the CSOS.
- c) a dispute resolution mechanism in community schemes.

ESTABLISHMENT OF THE CSOS

- a) Section 3 (1) of CSOS Act states “there is hereby established a juristic person to be known as the Community Schemes Ombud Service”.
- b) Section 3 (2) of the Act states that “the CSOS operates as a national public entity listed in terms of the Public Finance Management Act (PFMA) with its executive authority vested in the Minister”.

- c) Section 3 (3) states that the “CSOS must establish a National head office and, where necessary, Provincial offices”.
- d) Section 3 (4) states that “the provisions of the PFMA apply to CSOS” Function of the CSOS.

FUNCTIONS OF THE CSOS

Section 4 (1) provides that the CSOS must:

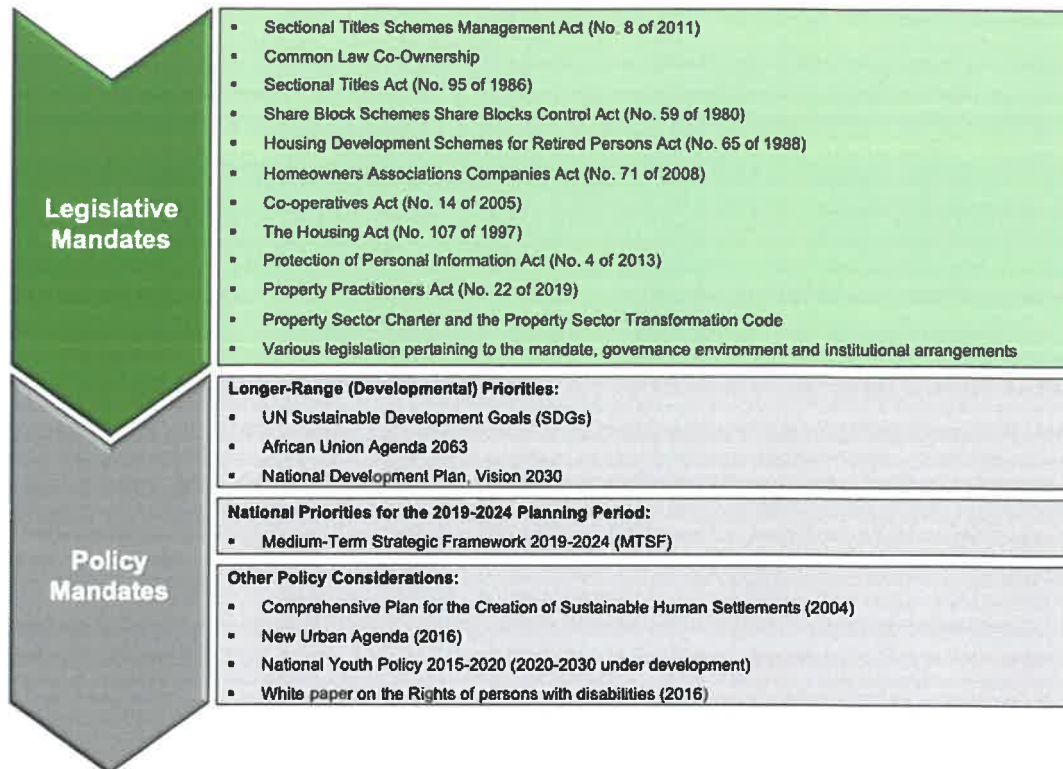
- a) Develop and provide a dispute resolution service in terms of the CSOS Act.
- b) Provide training for conciliators, adjudicators and other employees of the CSOS.
- c) Regulate, monitor and control quality of schemes governance documentation.
- d) Take custody of, preserve and provide public access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

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

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

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

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



2. UPDATES TO INSTITUTIONAL POLICIES AND STRATEGIES

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

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

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

and planning processes, and the introduction of social compacts from neighbourhood to city level;

- 5) Planning in South Africa will be guided by a set of normative principles to create spaces that are liveable, equitable, sustainable, resilient and efficient, and support economic opportunities and social cohesion;
- 6) South Africa will develop a National Spatial Framework and resolve the current deficiencies with the local system of integrated development planning, and progressively develop the governance and administrative capability to undertake planning at all scales.

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

More specifically, in terms of the Medium Term Strategic Framework (MTSF) 2019-2024, the CSOS takes its guidance from the National Department of Human Settlements in terms of Priority 5: Spatial Integration, Human Settlements and Local Government. The 2024 impact is to achieve spatial transformation through improved integrated settlement development and linking job opportunities and housing opportunities. The CSOS contributes to the outcome on Adequate Housing and Improved Quality Living Environments, with delegated contributions and planned performance as follows:

MTSF Indicator	MTSF Contribution by Entity	CSOS Updated Planning Response (5-year Planning Targets)
<p>Number of persons in the target market exposed to education programmes on various aspects of owning and renting a home</p>	<ul style="list-style-type: none"> - Implement a borrower, homeownership (Zenzeleni, help me buy a home) and tenant education programme - Monitor and report on the number of persons exposed to education programmes on owning and renting a home 	<p><i>* CSOS will target the provision of training, education and information to community scheme stakeholders, as follows:</i></p> <ul style="list-style-type: none"> - Number of training and education sessions conducted for schemes executives and owners: 80 - Percentage of executive managing agents placed in community schemes that are from the previously disadvantaged groups: 20% - Conduct stakeholder information sessions: 20 - Number of editions of Shared Living e-newsletters published annually: 20 - Number of marketing and communication campaigns executed: 20

MTSF Indicator	MTSF Contribution by Entity	CSOS Updated Planning Response (5-year Planning Targets)
Transactional support programme implemented	<ul style="list-style-type: none"> - Establish a presence in transactional support sites - Monitor and report on transactional support programmes 	<p>Regional offices will be established based on the results of feasibility studies that will be conducted for sites identified by the Department of Human Settlements.</p> <ul style="list-style-type: none"> - This APP has targeted the establishment of one satellite office in the 2021/22 financial year.
Consumer protection programmes implemented	Report the total number of community schemes registered and number of schemes paying levies as per legislation	<ul style="list-style-type: none"> - Number of schemes registered by CSOS: 75 800 - Percentage of registered schemes paying levies: 75% - Rand value of levies collected: R330k
	Number of consumer disputes submitted to CSOS and resolved within 90 days	Percentage of disputes resolved within 90 days: 85%

* Chapter 2, Section 4.2b of the CSOS Act requires the provision of education, information, documentation, and such services as may be required to raise awareness to owners, occupiers, executive committees and other persons or entities who have rights and obligations in community schemes, as regards those rights and obligations.

** Refer to Annexure E for the location in the various CSOS Corporate Plans of the MTSF-aligned contributing targets. Progress will be monitored and reported on quarterly, annually or on a mid-term basis as may be required by the type of indicator.

At an institutional level, the CSOS also contributes to the following MTSF 2019-2024 priorities:

- 1) Priority 2: Economic Transformation and Job Creation through targeted procurement to black majority-owned businesses, as well as by implementing the preferential procurement regulations in support of the MTSF targets for designated groups, namely, 40% procurement spend to women, 30% for youth, and 7% for persons with disabilities.
- 2) Priority 1: Capable, Ethical and Developmental State is the bedrock of the CSOS operations as the organisation implements a range of financial and regulatory improvement measures to progress towards the achievement of an unqualified audit outcome with no other findings.

The Department of Human Settlements is supporting the CSOS with the development of a CSOS Policy. The purpose of the Policy is to concretise the strategic vision and intent of the organisation with the assistance of a working legislative task team who have an 'ear-on-the-ground' wholly practical approach. The intention is to review key documents, such as practice directives, and ultimately the amendment of the Act and Regulations.

3. UPDATES TO RELEVANT COURT RULINGS

Stenersen and Tulleken Administration CC v Linton Park Body Corporate and Another 2020 (1) SA 651 (GJ), the full bench set out the procedure for S57 appeals:

The following procedure is prescribed for all appeals on the question of law contemplated in S57 of CSOS Act:

- a) The appeal should be brought by way of **notice of appeal** where the grounds of appeal are set out succinctly.
- b) The notice should be served on the respondent parties by the Sheriff.
- c) Both the adjudicator and CSOS should be cited as respondents.
- d) While the adjudicator or CSOS might be expected to abide the judgment of the court, nothing precludes them from filing a report for the court in respect of any aspect of the law which they might consider to be helpful to the court.

PART B: OUR STRATEGIC FOCUS

The Revised 2020 – 2025 Strategic Plan articulates the Community Schemes Ombud Service’s strategic focus – its vision, mission and its institutional values – as follows:

VISION
A credible, world class <i>OMBUD SERVICE</i> for community schemes in South Africa

MISSION
To promote harmonious community schemes by providing regulation, education and accessible dispute resolution services to all relevant stakeholders

VALUES	
ACCOUNTABILITY	We strive to always serve the best interests of our stakeholders, to honour our commitments, to act responsibly and take ownership for our words, our actions and our results
EXCELLENCE	We apply innovative capabilities to providing our services to community schemes in a timely, cost-effective, and professional manner
INDEPENDENCE	We act objectively, without fear or favour, in the undertaking of our services
INTEGRITY	We execute our work in an honest, ethical, transparent, and fair manner

1. UPDATED SITUATIONAL ANALYSIS

1.1. EXTERNAL ENVIRONMENT ANALYSIS

Global growth is projected at -4.9 percent in 2020, 1.9 percentage points below the April 2020 World Economic Outlook (WEO) forecast. The COVID-19 pandemic has had a more negative impact on activity in the first half of 2020 than anticipated, and the recovery is projected to be more gradual than previously forecast. In 2021 global growth is projected at 5.4 percent. Overall, this would leave 2021 Gross Domestic Product (GDP) an estimated 6.5 percentage points lower than in the pre-COVID-19 projections of January 2020¹.

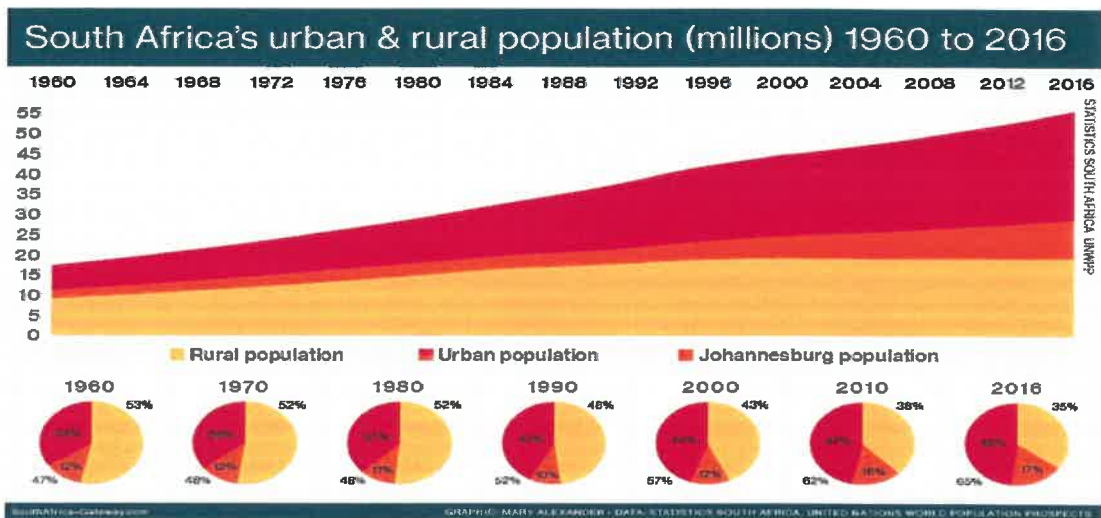
The 51% reduction in GDP in Q2 2020 when compared with the same period in 2019 indicates that the South African economy is in a deep recession. The IMF forecasts a real GDP growth for SA of -8 percent, the World Bank forecasts -5.8 percent and SARB -7% for 2020. Worst case estimates are for a 16% negative growth rate. The South African unemployment rate rose to 30.1% in the first three months of the year before the COVID-19 lockdown and the unemployment rate is

¹ International Monetary Fund, World Economic Outlook, June 2020

projected to reach 37% in 2021 according to certain economists. Businesses are closing their doors and many families have experienced layoffs of either one or both bread winners.

The adverse impact of the recessionary environment on households is particularly acute, including for those living in community schemes. As a young and growing democracy with the fourth largest concentration of community schemes in the world, the environment within which the CSOS operates is complex, involving technical requirements, legal processes and procedures to regulate and harmonise interdependent relations between parties in shared living arrangements, such as sectional title schemes, homeowners' associations, share block companies, housing schemes for retired persons and housing co-operatives.

Figure 1: Urban and Rural Trends



South Africa's urbanisation patterns are expected to reach 77.4% (49.1 million of a projected 63.4 million people) in 2050, from around 43% (5.8 million of 13.7 million people) in 1950.

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

Historically, community schemes were not regulated, and the management and governance of community schemes was fragmented. Most of the community schemes were self-regulated. Parliament subsequently promulgated the Community Schemes Ombud Service Act in 2011 (hereinafter, “the CSOS Act”). The process of the proclamation of the CSOS Act was followed by the approval of the Regulations by Parliament in October 2016.

The mandate of Community Schemes Ombud Service (CSOS) is informed by Section 4 of the CSOS Act, which requires CSOS to develop and provide a dispute resolution service in terms of the Act; provide training for conciliators, adjudicators and other employees of the service; regulate,

monitor and control the quality of all Sectional Title Scheme governance documentation and such other governance documentation as may be determined by the Minister, by notice in the Gazette; and take custody of, preserve and provide public access electronically or by other means to Sectional Title Scheme governance documentation and such other scheme governance documents as may be determined by the Minister by notice in the Gazette.

Furthermore, Section 59 of the CSOS Act provides that every community scheme must pay a prescribed levy to the CSOS, subject to such discounts or waivers as may be prescribed. This levy is a statutory levy.

1.1.1. SCHEME REGISTRATION

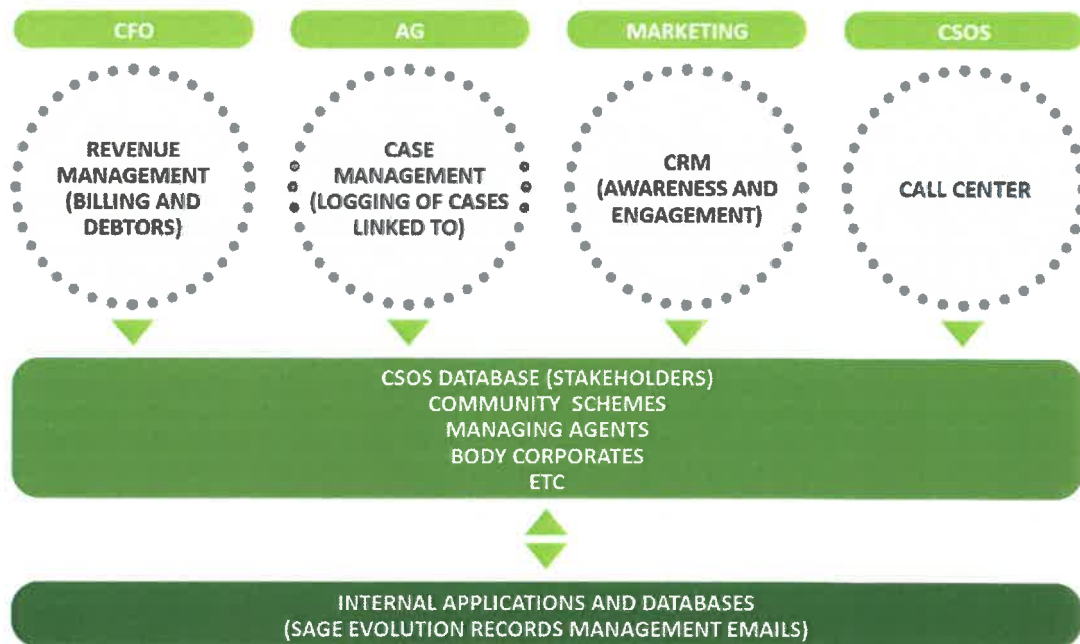
The CSOS value chain and service delivery model is underpinned by the success in creating a complete database of community schemes.

In order to deliver on the 2020-2025 CSOS Strategic Plan to which this 2021/22 APP aligns, CSOS must continue to prioritise the registration of schemes, which include the following types of community schemes as defined in terms of the CSOS Act:

- Sectional title schemes
- Homeowners associations
- Housing co-operatives
- Share block companies
- Retirement villages

The registration of community schemes is founded on the CSOS Act and the Regulations. The registration must be done within 90 days of the coming into effect of the CSOS Act, or within 90 days of the date of the scheme incorporation in terms of applicable laws. While CSOS aims for 100% compliance with the registration by schemes, this can only be attained in the long term. In the short term, the aim is to ensure that at least 80% of the schemes are registered over the medium term. The declining trend in the registrations of schemes from 2 423 in 2018/19, to 1 503 in 2019/20, to 89 of 1 250 planned by end Q1 2020/21 alludes to the challenge of registrations. As discussed later, this is primarily attributed to the limited power that the CSOS has in terms of the CSOS Act to enforce compliance by the community schemes to register.

Registration of schemes is critical for the development of the database of community schemes. In turn, the database is crucial for the collection of levies and for provision of education and training.

Figure 2: High-level Architecture of the Database Feeds


The illustration above seeks to provide a high-level architecture of the database feeds and structure of information relating to what needs to be stored on the database, who needs access to it, and which business units will assume responsibility for the different segments. The structure is foreseen to increase in scope as the CSOS assumes all its core activities and as the organisation grows. CSOS must be able to demonstrate the value that it is bringing in the regulation of community schemes. This is important in attaining high compliance with legislation. The value proposition is also driven by the services and the benefits that the community schemes will derive from CSOS. To ensure efficient compliance with registration process, CSOS must implement the following measures:

- 1) Improve efficiency and automate the registration process;
- 2) Pending automation, CSOS will continue to employ database administrators to manually populate the database.

A key enabler of the 2020-2025 Strategic Plan is the implementation of a Community Schemes Registration Strategy, which aims to ensure that CSOS registers all community schemes, so that they can be regulated in accordance with the CSOS Act. Part of the activities in the strategy were to coordinate engagements with institutions that have data for community schemes. This includes organisations, such as the Deeds Office and Companies and Intellectual Property Commission (CIPC). Several engagements were held with the Deeds Registrar that led to the drafting of a Memorandum of Understanding (MOU), together with a detailed action plan for the retrieval of all scheme governance documentation as per the CSOS legislation. The next step is to extract all the scheme governance documents from the Deeds Offices nationwide. CSOS has also procured data from deeds that comprise 76 677 body corporates that have been registered in various Deeds Offices around the country.

The CIPC will also provide the CSOS with user access to their databases where all the non-profit companies (homeowners' associations) are registered, including their current board of directors. The SLA is being finalised between the two entities, after which access will be granted to CSOS. This information, together with the Deeds Registrar raw data, will provide the CSOS with the number of community schemes in South Africa.

In the 2020/21 financial year CSOS is coordinating a data cleansing and comparative study on information received from the Deeds Office (76 677 deeds office entries) and the CIPC. Once the data cleansing is completed, all schemes will be registered on the CSOS Case Management System. With regard to the new sectional titles that are registered on the Deeds Registrar, the Deeds Office has an obligation to provide CSOS with the details of all new sectional title registers opened as and when a certificate of registration is issued.

1.1.2. COMPLIANCE AND ENFORCEMENT

As the Regulator of all community schemes in South Africa, the CSOS is mandated by the Act to provide governance of community schemes, dispute resolution within the community schemes, to promote good governance, provide education, information and awareness to the owners, occupiers and executive committees of the community schemes.

CSOS is undertaking a range of activities, such as publishing guidance and engaging with stakeholders to educate and enable schemes to comply with their obligations under the CSOS Act and STSM Act and associated legislation.

However, the responsibility for complying rests with the community schemes. The CSOS will assess the circumstances and respond appropriately to instances of non-compliance. CSOS will work with community schemes, where appropriate, in order to get them back on track to being compliant. CSOS regard intentional non-compliance as unacceptable and CSOS may take any one of a range of enforcement actions against community schemes who fail to comply with the regulatory compliance.

Effective enforcement is vital to the successful implementation of social legislation, and legislation that is not enforced rarely fulfils its social objectives. The environment that CSOS operates in, requires high compliance to legal processes and procedures.

The challenge that CSOS is currently facing is that there is limited legal basis within the CSOS Act for CSOS to enforce registration. This would require a legislative review to provide for the best practice and legislative framework for compliance and enforcement.

A second strategic enabler of the 2020-2025 CSOS Strategic Plan is the implementation of a compliance and enforcement strategy, which aims to establish effective systems to maximise the schemes' compliance with their duties and to ensure non-compliance is held at an absolute minimum, thereby ensuring that schemes comply with the CSOS Act, (Sectional Titles Schemes Management) STSM Act and other relevant legislation.

The CSOS' Compliance and Enforcement Framework outlines how the CSOS will conduct its compliance and the enforcement activities to fulfil its role of regulating the registration of the schemes. The way a Regulator implements and enforces its legislation can make a significant difference to the industry. The number of schemes governance quality assured has increased from 1 523 in the 2017/18 year to 2 088 in 2018/19, dipping to 1 877 in 2019/20. Moving forward, the CSOS intends to ensure that at least 70% of governance documents are quality assured.

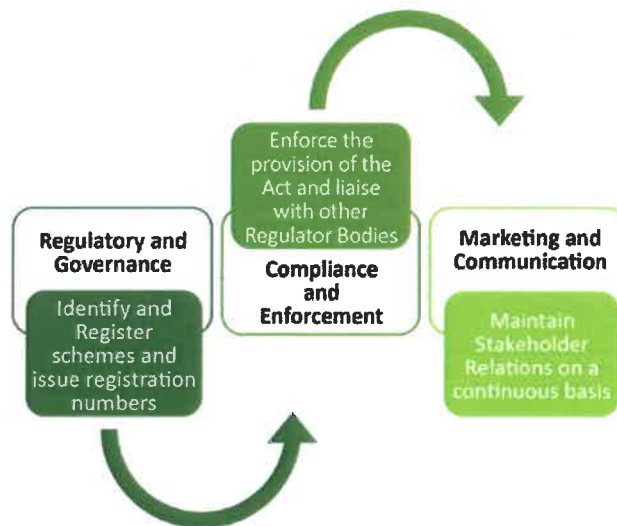
DISPUTE RESOLUTION:

The CSOS Dispute Resolution Model maps out stages to be followed in the dispute resolution process, including, but not limited to, the manner and instances upon which disputes must be finalised. Section 39 of the CSOS Act prescribes Prayers for Relief, which must be applied for and ordered, depending on merits, in resolving disputes emanating from community schemes.

The dispute resolutions services (regional offices) were able to resolve 70% (4 891 disputes finalised out of 6 967 disputes received) of disputes in the 2019/20 financial year. This percentage of disputes resolved has decreased by 17% in the 2019/20 financial year, as compared to 87% of disputes in the 2018/19 financial year. For 2020/21, the target is to resolve 85% of disputes within the 90 days' timeframe set by the MTSF. A further consideration is the age analysis of disputes and the need to ensure that all disputes that are older than 90 days are dealt with expeditiously. The impact of delayed resolution is on the reputation of the CSOS as an effective Regulator.

The Gauteng office, which receives on average three times the volume of the other regions, requires additional case officers and conciliators to assist with the volume of work and improve turnaround times. Work studies to assess resource requirements in the regions will be prioritised in the 2021/22 financial year. This is in line with the MTSF indicator of the Department to increase the number of transactional sites for providing human settlement services, including Ombud services.

Figure 3: Compliance and Enforcement Value Chain



1.1.3. LEVY COLLECTION

The CSOS Act provides that every community scheme must pay the service levy with effect from the commencement date of the Act.

The commencement date of the Act was January 2017. Currently there are schemes that have not registered with the CSOS. Arrear levies must be collected and adequately accounted for in terms of the Generally Recognised Accounting Practice.

Section 59(a) of the CSOS Act provides that: "Every community scheme must, with effect from the commencement date of the Act, in each calendar year and at such time as may be prescribed, pay to the service a levy in an amount calculated as prescribed, subject to such discounts or waivers as may be prescribed".

Section 22(1) further provides that the funds of the service consist of (amongst others):

- a) Levies collected from community schemes with the approval of the Minister;
- b) Fees for services rendered based on cost recovery.

In terms of Section 22(2) the service must, subject to Section 23, utilise the funds to defray expenses incurred by it in the performance of its functions. The CSOS levy makes up the highest income stream and forms the substantial income to be utilised in the CSOS budget year-on-year. It is further provided in Section 19(c) of the Act that the Chief Financial Officer must ensure that the service has adequate income and liquidity to perform its functions. CSOS should, therefore, be able to sustain itself financially from the two predominant sources of income being the community schemes levies, dispute resolution and governance documents income.

CSOS does not have a process in place that compels the developers to register schemes with the CSOS prior to operation. The impact is that CSOS will not be able to account fully for the levies revenue and receivables, as it does not have mechanisms to track new developments. Furthermore, the CSOS does not have a policy, standard operating procedures, process flows and an IT system that will enable it to properly account for revenue and accounts receivables. Currently, the Entity is using a manual process, which required additional resources and it is not efficient, as it is time consuming.

A third strategic enabler of the 2020-2025 CSOS Strategic Plan is the implementation of a Revenue Management Strategy, whose objective it is to provide an overarching framework and intervention plan for ensuring that levies are collected from all community schemes as per the CSOS Act; and that collected levies, dispute resolution and governance documents income are accounted for correctly and accurately. The CSOS has adequate income and liquidity to perform its functions.

For the 2019/20 financial year, the CSOS has collected levies to the amount of R217 060 000 as opposed to the set target of R220 000 000. While the variance shows a negative variance of - R2 940 000, there has been a 2% increase compared to the R195 672 310 collected on a set target of R200 000 000 in the 2018/19 financial year. The target for the 2020/21 financial year is R217 million (adjusted for the impact of COVID-19), increasing to R239 million in the 2021/22 planning period of this APP.

1.1.4. STAKEHOLDER ENGAGEMENT AND ADVOCACY

In terms of Section 4(2)(b) of the CSOS Act, CSOS is mandated to provide education, information, documentation and such services as may be required to raise awareness to owners, occupiers, executive committees and other person or entities who have rights and obligations in community schemes.

The provision of consumer education is also a key priority area and a critical target in the CSOS Annual Performance Plan. The need for CSOS to be more visible and play a more active role in educating consumers and raising awareness about our existence has also been highlighted in

several important forums, such as the Parliamentary Portfolio Committee of Human Settlements, Select Committee on Social Services, meeting with the Deputy Minister and the CSOS Board.

Marketing and communication initiatives assist in driving registration with most schemes registered. The schemes are already on the first move of being fully compliant. It is, therefore, important to implement vigorous stakeholder engagement initiatives, targeting schemes that are not registered. This will entail introducing CSOS to the said community schemes, explaining the mandate, objective and the role of CSOS within community schemes. The focus in the communication will be on the benefit that community schemes will derive from being a registered and a compliant scheme.

The achievement of the NDP goals demands a cooperative relationship across national, provincial and local governments and across the social partners, including the private sector, labour and civil society. CSOS will collaborate with other stakeholders to ensure registration of all community schemes. Stakeholder engagement will be implemented as per the Stakeholder Engagement Strategy approved by CSOS. The following stakeholders have been identified as crucial to the effective implementation of the Strategy:

- Deeds Office
- CIPC
- Municipalities
- Community schemes
- Managing agents

The status of stakeholder engagements are as follows:

Stakeholder	Status
Deeds Office	<ul style="list-style-type: none"> - CSOS has received the data on sectional titles registered with Deeds Office - An MOU has been signed with Deeds for the transfer of SGD documents to CSOS - This will supplement the Deeds database. The transfer will be done through procurement
CIPC	<ul style="list-style-type: none"> - An Agreement has been signed with the CIPC to allow CSOS to access data on NPC. - CIPC has provided CSOS with the data on Housing Cooperatives.
Surveyor-General	The Surveyor-General has provided CSOS with data on Township Development.
Department of Small Business	A request has been submitted to the Department for CSOS to have access to the housing co-operatives
SARS	A follow-up request has been submitted to SARS

Community schemes / Managing agents	An email has been circulated to more than 6 000 managing agents and members of community schemes for them to verify if they have registered and received a registration number
Industry Bodies	Quarterly consultative meetings with industry bodies, such as National Association of Managing Agents (NAMA) and the Association of Rental Communities (ARC)

A comprehensive stakeholder engagement and advocacy plan is in place and will continue to be implemented in the current financial year and for the 2021/22 planning period.

e-Newsletter publications are developed internally by the CSOS Marketing and Communications department, and distributed to internal and external stakeholders. CSOS undertook 23 training sessions for external stakeholders in Western Cape, Gauteng and KZN. The total stakeholder training conducted in the 2019/20 financial year was 1 022. This is 100% increase, as the training target was not achieved in the 2018/19 financial year. The 2020/21 plan is well-underway and will realise a similar performance. Moving into the 2021/22 financial year, the CSOS will be exploring enhanced interventions, such as conducting a stakeholder perception survey, implementing targeted marketing and advertising initiatives, and an ongoing enhancement of the e-Newsletter using industry best practices.

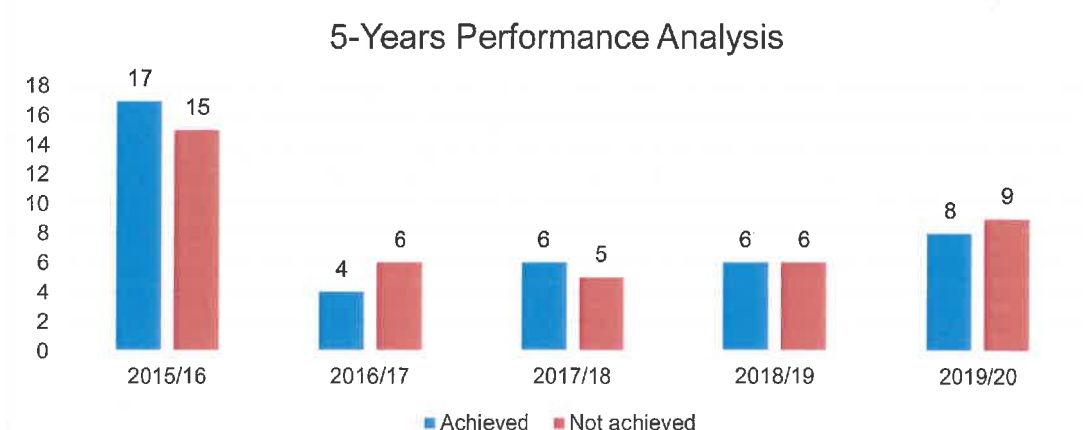
1.2. INTERNAL ENVIRONMENT ANALYSIS

CSOS is accountable to the Minister for Human Settlements, Water and Sanitation. The Board provides oversight to the CSOS. The roles and responsibilities of the CSOS Board are to steer and set strategic direction of the CSOS regarding both the organisation’s strategy and the way in which specific governance areas are to be approached, addressed and conducted. The CSOS Board of Directors consists of seven (7) non-executive members and two (2) executive members, namely, the Chief Ombud and the Chief Financial Officer (CFO).

Implementation of the CSOS mandate as directed by the CSOS Act requires building relevant skills and behaviours, which promote a culture of continuous learning and leadership and is key to achieving the CSOS’ strategic goals and objectives.

ANNUAL PERFORMANCE TRENDS

The figure below reflects that the CSOS has, on average, achieved 50% of its performance targets per annum, with 47% (8 of 9) of targets achieved in the 2019/20 financial year.

Figure 4: CSOS Annual Performance Analysis

Performance across the three CSOS programmes for Q3 2021/22 is as follows:

Programme	Planned	Achieved	Not Achieved	% Achieved
P1: Administration	9	6	3	67%
P2: Regulations	5	2	3	40%
P3: Education and Training	5	4	1	80%
CSOS Overall	19	10	7	63%

The above performance rating is a significant improvement on the 29% achieved in Q3 2019/20. The focus is on interventions within each of the programmes to improve performance in terms of schemes registrations, percentage of disputes resolved within the target timeframe and governance documents assured.

HUMAN RESOURCE MANAGEMENT

Human resource (HR) planning remains at the core of ensuring that the Entity has the necessary capacity to deliver on its mandate and outcomes, as and when required. A CSOS Human Resource Plan (HRP) has been adopted as the tool to ensure that all the employees' needs are identified on time and are adequately addressed to enable optimum achievement of the CSOS' strategic objectives. The Human Resources Department also aims to create a sustainable organisation and business continuity, through structured succession planning and ensuring that employees are supported, trained, and equipped to occupy all positions. By doing so, it strengthens the human resource capability to fulfil its role as a strategic partner, creating intellectual capital and administrative expertise.

The recruitment and capacitation drive has resulted in a 26% growth in the staff complement in the 2019/20 financial year, with a total of 27 permanent posts and 14 temporary posts filled. As such, the staff vacancy rate has decreased significantly. By the end of the 3rd Quarter of the 2020/21 financial year, the CSOS staff complement had increased by a further 56 staff members, as

reflected in the figure below. While progress has been made to capacitate the Entity, it must be noted that the 106 permanent appointments only comprise 46% of the approved permanent employee staff complement. The recruitment drive therefore needs to continue in the next financial year if the CSOS is to reduce its staff vacancy rate to 5%. The Entity is also looking to optimise the ratio between admin and core staff and will be reviewing the CSOS organisational structure and capacitation plan. This will be conducted in parallel with the feasibility studies on expanding the regional footprint for the CSOS.

Table 1: Changes in CSOS Staff Complement

Period	Permanent	Interns	Temps	Total Staff Complement
End 2019/20	75	5	10	90
End Q3 2020/21	106*	22	18	146

* 46% of permanent appointments based on the approved structure.

In line with the national effort to broaden skills development as prescribed in the Skills Development Act of 1998, the CSOS has a successful internship programme, currently comprising 22 interns, which assists young South Africans to contribute to the advancement of the organisation. The CSOS has implemented the Code of Good Practice on Employment Equity (EE) – the results are outlined in the table below, which reflects the Entity's alignment to the National demographics, according to the latest census. Over the MTEF, the aim would be to source and recruit from the under-represented groups.

Table 2: Statistics SA Demographic of SA population vs. CSOS actuals

Race	CSOS Demographics		SA Demographics	Variance
Africans	125	83.5%	79.2%	Over-subscribed by 4.3%
Whites	6	5%	8.9%	Under-subscribed by 4.9%
Coloureds	7	5.5%	8.9%	Under-subscribed by 3.4%
Indians	8	6%	2.5%	Over-subscribed by 3.5%
Disabled	0	0%	2%	Under-subscribed by 2%

Supporting the HR Plan, the suite of HR key policies are continuously reviewed and updated to ensure alignment with labour legislation and to accommodate the evolving needs of CSOS' operations. The following policies have been approved by the Board in the past financial year: Training and Development Policy; Occupational Health and Safety Policy; Compensation Management Policy; Talent Acquisition and On-boarding Policy; Acting Policy; Disciplinary Policy (Revision); Performance Management Policy; Leave Management Policy; Employee Wellness Policy.

The following policies are in the process of being finalised for Board approval: Remote Working Policy; Disciplinary Policy; Leave Management Policy; Employee Wellness Policy; Standard Operating Procedure on Managing Covid-19 Related; and Management of Part-Time Adjudicators Policy. In the next financial year and on an ongoing basis, the CSOS will ensure that all remaining

policies are updated and/or developed in line with external and internal environment trends and requirements.

New office space for the CSOS Head Office and Gauteng Regional Office has been secured through the conclusion of a rental agreement. Occupation is to take place in the 4th quarter of the 2020/21 financial year.

ICT MANAGEMENT

The ICT Strategy has been approved by the CSOS Board and is being implemented. In an effort to improve connectivity and ICT security, a new digital telephony system was implemented together with the upgrades to CSOS data lines and security infrastructure hosted with Vodacom.

Furthermore, CSOS has worked with a service provider to finalise the draft Terms of Reference (TOR) for the Business Automation Solution (BAS). The procurement process is underway and is a key dependency of the business automation solution, which encompasses the Core Automation Solution, as well as the Enterprise Resource Planning Solution (ERP).

The core system will operationalise the Revenue Management Framework/Strategy, house the database of all community schemes gathered through the registration process, and conduct case management used for the dispute resolution process.

Due to the COVID-19 pandemic, the required tools of trade (e.g. laptops, data cards) were procured to ensure that employees were able to work from home, so that that organisation remained operational.

SUPPLY CHAIN MANAGEMENT

In the 2020/21 financial year, there has been a noticeable improvement in the CSOS' compliance in terms of paying all suppliers within 30 days as prescribed by legislation. The compliance rate has improved from 75% to 90% of suppliers reported to have been paid within 30 days. The aim is to get closer to 100% compliance with the 30 days payment stipulation in the next financial year.

CSOS is not doing well in terms of B-BBEE, with only 28.7% year-to-date procurement spend to majority black owned companies in the 2020/21 financial year, against a target of 70%. A key reason, however, is due to a large payment to the GCIS, which is a public entity that does not have a B-BBEE rating. Excluding the GCIS, the B-BBEE rate would be closer to 66%. Achieving B-BBEE compliance will remain a focus in the 2021/22 financial year, including to establish the systems and processes to monitor and measure the implementation of the preferential procurement regulations, particularly in terms of procurement spend to women, youth and people with disabilities.

BRAND VISIBILITY AND AWARENESS

In the 2019/20 financial year, the CSOS' brand visibility and awareness was enhanced by the flagship billboard advert that was flighted in May 2019 at the OR Tambo International Airport, leveraging an estimated exposure to a million travellers in that month. Favourable TV coverage was earned in programme features on SABC's Yilungelo Lakho, a consumer affairs television show on SABC1 and MNET's Carte Blanche in January 2019. Both features covered consumer rights and obligations in shared living arrangements.

In the 2020/21 financial year, the CSOS embarked on an awareness campaign through GCIS Media Buying. The aim of the campaign was to create awareness and visibility, and to increase registrations by community schemes from other areas, through the use of radio as the medium. Phase one of the campaign was implemented through various commercial radio stations, with adverts running between 29 June 2020 to 19 July 2020. Phase two was implemented from 27 September 2020, with adverts flighted on 65 community radio stations. In total, the radio campaign reached 18.6% of the population. The achievement was limited by the size of the budget and thus the frequency of the adverts.

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

1.2.1. COVID-19 IMPACT ON CSOS, AND LEARNINGS LOOKING FORWARD

On 15 March 2020, the President of South Africa, declared a national state of disaster and, in response to the outbreak of the Novel Corona Virus/COVID-19, a national state of disaster in terms of the Disaster Management Act. In his address to the nation, the President encouraged the nation to “act swiftly, with purpose and collectively,” to limit the effects of the corona virus. In CSOS, the effort to minimise the risk of exposure requires the collective effort and cooperation by the employees of the Service, community schemes at large, and applicants for dispute resolution services.

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

Initially, the CSOS had concerns that it may not be able to provide services at a satisfactory rate and that the delays in service provision may lead to negative stakeholder perceptions. A steering committee was established in terms of Section 19 of the OHS Act to prepare and monitor the return to work process, and compliance officers for each region have been appointed. A Compliance Plan has been developed and is being used as a compliance monitoring tool on a daily basis. Risk assessments have been coordinated and the steering committee is monitoring the implementation of corrective measures. Reporting is done at Exco on all COVID-19 related activities. A directive was issued to all employees on how to handle any incidents and the reporting. To minimise infection to the workforce - employees working within the same family groups are not allowed to be in the office at the same time (weekly rotation is implemented).

COVID-19 LEARNINGS INFORMING PLANNING FOR 2021/22

Virtual and telephonic conciliations worked well, as well as paper-based adjudications. The result was increased outputs of conciliations and adjudications. In this regard, the CSOS will proceed with a HYBRID approach of virtual and contact sessions. A directive has been issued to advise

community services about the approach, taking into consideration the variety of stakeholder needs, as well as the safety and health of staff.

A HYBRID approach for awareness training and information sessions, stakeholder engagements and workshops will be pursued, based on the proven speed and cost benefits of virtual platforms.

The work from home policy has been approved and the CSOS will monitor its effectiveness and through ongoing research a good practice HYBRID approach will emerge. Initial findings are that as much as there are efficiency benefits to working from home there are culture and team-based concerns that need to be addressed through physical engagements. Certain client facing functions are also best conducted through physical engagements.

Online (virtual) recruitment and interview process to continue, which has saved on travel expenses and proven to be more efficient.

1.3. SUMMARY OF PRIORITIES INFORMING 2021/22 PLANNING

The CSOS analysis of strengths, weaknesses, opportunities and threats (SWOT) formed part of the 2021/22 strategic planning process and is consolidated in the tables below:

STRENGTHS	
Internal Strengths	The implication of CSOS’s strengths on planning for 2021/22
<ul style="list-style-type: none"> - Legislative monopoly - Promulgated legislation enabling the collection of statutory levies - Approved organisational structure - Enabling environment for sustained revenue collection - Quality assurance of schemes governance documentation - Established regional footprint - Skilled employees - Implementation of the CSOS and STSM Acts - Applications successfully resolved through Alternate Dispute Resolution - Service provision: Dispute resolution and quality assurance of schemes documentation - Existing criminal sanctions in the CSOS Act for non-compliance 	<p>CSOS needs to leverage its legislative monopoly and competitive advantage in that it is the sole institution that can resolve community scheme disputes at almost no cost</p> <p>This advantage must translate into a value proposition that stakeholders may buy into and that translates into a significant transformational impact</p> <p>CSOS’ mandate allows for maximum revenue generation, based on the community schemes database that the Entity needs to establish and maintain</p> <p>By expanding the CSOS’ footprint through a regional approach, the CSOS may be better positioned to implement its mandate</p> <p>But CSOS must be cautious of begrudging, due to these inherent benefits and advantages – the organisation needs to be agile and not become complacent. Having judgements challenged in court and losing court appeals would hurt the CSOS’ reputation immensely</p>

WEAKNESSES	
Internal Weaknesses	The implication of CSOS' weaknesses on planning for 2021/22
<ul style="list-style-type: none"> - Lack of appropriate measures to enforce compliance with the CSOS Act - Non-existence of a complete community scheme database - Lack of effective and efficient IT systems - Lack of revenue management policy, standard operating procedure and process flows - Tedious manual reconciling processes - Lack of proper community scheme registration processes - Poorly phrased legislation, including lack of enforcement measures in the CSOS Act - Lack of knowledge of potential market size - Lack of inspectors 	<p>Lack of power of enforcement in the CSOS Act implies that the amendment of the Act needs to be prioritised</p> <p>Lack of knowledge of the potential market size is a major constraint and is critical to planning, estimating potential revenue, informing resources, and better informing CSOS strategies and decision-making</p> <p>Lack of IT systems and the use of inefficient manual systems requires that the implementation of the Business Automation System must be prioritised</p>
OPPORTUNITIES	
External Opportunities	The implication of external opportunities on planning for 2021/22
<ul style="list-style-type: none"> - Collaboration with other government entities to obtain database - Benchmarking with other government entities to develop an effective strategy - Availability of effective and efficient IT systems in the market - Revenue maximisation through efficient strategies, resulting in CSOS being able to sustain itself financially - Appointment of skilled officials - Deeds/CIPC/Municipality database on community schemes, to assist in enforcing compliance - Implementation of the approved Marketing and Communication Strategy - Development and implementation of core systems - Amendment of the CSOS Act 	<p>The market is out there to grow CSOS' revenue base and, therefore, the CSOS has the opportunity to implement its mandate really well using a resource-based strategy approach:</p> <ul style="list-style-type: none"> ▪ Identify schemes and develop database, ensure and enforce registration, establish automated systems and processes, and communicate effectively <p>CSOS is a relatively new organisation without many legacy systems and can, therefore, deploy best practices using a green fields approach from the onset, with limited need for change management</p> <p>Availability of community schemes data – do not need to start from scratch and can draw from other best practices organisations with good levy collection models</p> <p>Establishment of an archival service – data mining opportunity for benefit of others, becoming the first point of call (data repository) for data on the sector</p>

OPPORTUNITIES	
External Opportunities	The implication of external opportunities on planning for 2021/22
	Develop the CSOS' research and knowledge management functionality
THREATS	
External Threats	The implication of external threats on planning for 2021/22
<ul style="list-style-type: none"> - Non-compliance by community schemes, due to CSOS inefficiencies - CSOS' questionable reputation, relating to an investment made in contravention of the Treasury Regulations - Different interpretations of the Act that may result in resistance to compliance - Negative audit opinion - Decline in registration by schemes - Potential failure to meet stakeholder expectations and the imminent backlash - Inability to demonstrate value for the schemes. - Non-compliance to the CSOS and STSM Act. - Deliberate non-compliance by schemes - Negative media reports 	<p>CSOS must have in place systems to protect the information of people (POPI)</p> <p>Not being able to harmonise relations and failing in the orders that CSOS gives could lead to disputes being fuelled, rather than resolved</p> <p>Not meeting the expectations of community schemes and not demonstrating value, for example, the inability to enforce could lead to CSOS not being viewed as the right authority to handle disputes; thus, why pay levies</p> <p>Not conducting CSOS professionally in terms of tone and language being used could damage CSOS' reputation and public confidence</p> <p>If the quality of services that CSOS provides is lower than what the private sector can provide, as evidenced by court over-rulings, public confidence would be further eroded</p> <p>Not being able to enforce registrations by schemes limits the CSOS' ability to fully implement its mandate</p> <p>Properties Practitioners Act allows for the establishment of its own Ombud, a direct threat to the CSOS</p> <p>The location of CSOS is not appropriate in terms of setup, equipment and the use of manual rather than automated processes</p>

Considering the consolidated SWOT above, the CSOS aspires towards:

- 1) Achieving the outcomes of its Strategic Plan and the MTSF – at minimum, to achieve an 80% organisational performance rating per annum;
- 2) Having in place an organisational structure that is aligned to the CSOS strategy and resource base, and is enabled through direct interventions for high-performance culture development;
- 3) Having the requisite critical skills to respond to its delivery mandate;
- 4) Moving from an adverse audit outcome to an unqualified outcome;

- 5) Expanding and advancing community sector transformation more broadly;
- 6) Building the reputation of the CSOS and regaining client confidence.

The Programme Performance Plan discussed in the Part C below will prioritise:

- 1) Building relations with key stakeholder groups by demonstrating good performance, communicating effectively, and implementing decisions and resolutions with speed;
- 2) Establishing a complete database of community schemes in South Africa;
- 3) Establishing a complete database of schemes governance documentation;
- 4) Creating awareness and ensuring good governance within community schemes;
- 5) Supporting the DHS to finalise the legislative review and policy development process;
- 6) Resolving disputes within 90 days, and minimising the number of successful appeals by establishing an internal review process;
- 7) Improving the accuracy and completeness of revenue, and increasing the revenue base;
- 8) Strengthening CSOS' investment in innovative marketing, communication and stakeholder training and awareness interventions;
- 9) Rolling out the Business Automation Solution (ERP system);
- 10) Advance Community Scheme Sector transformation through B-BBEE and preferential procurement, and the appointment of previously disadvantaged individuals as EMAs. Focus will be on the designated groups, particular women moving forward.

PART C: MEASURING OUR PERFORMANCE

1. INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

The Community Schemes Ombud Service is constituted by the following programmes and aligned business functions, which informs the packaging of this Annual Performance Plan:

Programme N ^o .	Programme Name	Business Functions
Programme 1	Administration	<ol style="list-style-type: none"> 1. Office of the Chief Ombud 2. Company Secretary 3. Internal Audit 4. Corporate Affairs 5. Finance and Supply Chain Management 6. Information and Communication Technology
Programme 2	Regulation	<ol style="list-style-type: none"> 1. Governance, Enforcement, and Compliance 2. Dispute Resolution
Programme 3	Education and Training	<ol style="list-style-type: none"> 1. Governance, Enforcement and Compliance 2. Marketing and Communication 3. Stakeholder Training and Consumer Education

The Revised CSOS 2020-2025 Strategic Plan outlines the key strategic focus areas and outcomes for the five years, aligned to the NDP 2030, MTSF 2019-2024, and the Department's strategic planning priorities.

The above Programmes then contribute to the attainment of the outcomes through programme level outputs, output indicators, and annual and quarterly targets, as reflected in the sections below.

1.1. PROGRAMME 1: ADMINISTRATION

1.1.1. PROGRAMME PURPOSE

The Administration Programme is responsible to ensure that functions that support the core operations run effectively and that the organisation is sustainable.

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

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

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

Outcome 1: Functional, efficient and integrated Government

Outcome 2: Effectively regulated community schemes

Outcome 5: Transformation of community schemes advanced

The 2021/22 performance plan of Programme 1 is reflected in the log frame tables below:

1.1.2. PROGRAMME 1: OUTCOME, OUTCOME INDICATOR AND FIVE-YEAR TARGET*

OUTCOME	OUTCOME INDICATOR	AUDITED ACTUAL PERFORMANCE				ESTIMATED PERFORMANCE	MEDIUM-TERM TARGETS		
		2017/18	2018/19	2019/20	2020/21		2021/22	2022/23	2023/24
Outcome 1: Functional, efficient and integrated government	External audit outcome	Unqualified audit opinion with no material findings	Adverse audit outcome	Qualified audit outcome	Qualified audit outcome	Qualified audit outcome	Unqualified audit opinion with no material findings	Unqualified audit opinion with no material findings	Unqualified audit opinion with no material findings

*Department of Human Settlements requirement to reflect the external audit outcome indicator in the Annual Performance Plan

1.1.3. PROGRAMME 1: OUTCOMES, OUTPUTS, OUTPUT INDICATORS AND TARGETS

OUTCOME	OUTPUT	OUTPUT INDICATORS	AUDITED PERFORMANCE				ESTIMATED PERFORMANCE	MTEF TARGETS		
			2017/18	2018/19	2019/20	2020/21		2021/22	2022/23	2023/24
1. Functional, efficient and integrated Government	1.1. Anti-fraud and corruption	1.1.1. Percentage of the approved Anti-Fraud and Corruption Implementation Plan implemented	No target	No target	New	100% of the approved Anti-Fraud and Corruption Implementation Plan implemented	100% of the approved Anti-Fraud and Corruption Implementation Plan implemented	100% of the approved Anti-Fraud and Corruption Implementation Plan implemented	100% of the approved Anti-Fraud and Corruption Implementation Plan implemented	
	1.2. Risk management	1.2.1. Percentage implementation of the approved Risk Management Plan	No target	No target	New	100% implementation of the approved Risk Management Plan	100% implementation of the approved Risk Management Plan	100% implementation of the approved Risk Management Plan	100% implementation of the approved Risk Management Plan	

1.1.4. PROGRAMME 1: OUTCOME INDICATORS: ANNUAL AND QUARTERLY TARGETS*

OUTCOME INDICATOR	2021/22 ANNUAL TARGET	QUARTERLY TARGETS			
		Q1 Apr - Jun 2021	Q2 Jul - Sep 2021	Q3 Oct - Dec 2021	Q4 Jan - Mar 2022
Outcome Indicator 1: External audit outcome	Qualified audit outcome	-	Qualified audit outcome	-	-

*Department of Human Settlements requirement to reflect the external audit outcome indicator in the Annual Performance Plan

1.1.5. PROGRAMME 1: OUTPUT INDICATORS: ANNUAL AND QUARTERLY TARGETS

OUTPUT INDICATORS	2021/22 ANNUAL TARGET	QUARTERLY TARGETS			
		Q1 Apr - Jun 2021	Q2 Jul - Sep 2021	Q3 Oct - Dec 2021	Q4 Jan - Mar 2022
1.1.1. Percentage of the approved Anti-Fraud and Corruption Implementation Plan implemented	100% of the approved Anti-Fraud and Corruption Implementation Plan implemented	25% of the approved anti-fraud and corruption implementation plan implemented	50% of the approved anti-fraud and corruption implementation plan implemented	75% of the approved anti-fraud and corruption implementation plan implemented	100% of the approved anti-fraud and corruption implementation plan implemented
1.2.1. Percentage implementation of the approved Risk Management Plan	100% implementation of the approved Risk Management Plan	25% implementation of the approved Risk Management Plan	50% implementation of the approved Risk Management Plan	75% implementation of the approved Risk Management Plan	100% implementation of the approved Risk Management Plan
1.3.1. Percentage implementation of the Audit Remedial Plan	95% implementation of Audit Remedial Plan	10% implementation of Audit Remedial Plan	30% implementation of Audit Remedial Plan	60% implementation of Audit Remedial Plan	95% implementation of Audit Remedial Plan
1.4.1. Number of Business Automation Solution (ERP and core business) modules implemented	2 Business Automation Solution modules implemented	-	-	1 Business Automation Solution Module implemented	2 Business Automation Solution Modules implemented

CSOS: Annual Performance Plan 2021/22



OUTPUT INDICATORS	2021/22 ANNUAL TARGET	QUARTERLY TARGETS			
		Q1 Apr - Jun 2021	Q2 Jul - Sep 2021	Q3 Oct - Dec 2021	Q4 Jan - Mar 2022
1.5.1. Percentage of compliance with statutory tabling and prescripts	100% compliance with statutory tabling and prescripts	100% compliance with statutory tabling and prescripts	100% compliance with statutory tabling and prescripts	100% compliance with statutory tabling and prescripts	100% compliance with statutory tabling and prescripts
1.6.1. Number of new transactional sites established (satellite office)	1 new transactional site established (satellite office)	No target	No target	No target	1 new transactional site established
1.7.1. Percentage implementation of the approved compliance plan	100% implementation of the approved compliance plan	25% implementation of the approved compliance plan	50% implementation of the approved compliance plan	75% implementation of the approved compliance plan	100% implementation of the approved compliance plan
2.1.1. Rand value of CSOS levy collected	R 239 398 000 of CSOS levy collected	R 41 008 709 of CSOS levy collected	R 59 183 975 of CSOS levy collected	R 61 278 886 of CSOS levy collected	R 77 926 430 of CSOS levy collected
5.1.1. Percentage procurement spend to majority black-owned service providers (>50% black)	70% procurement spend to majority black-owned service providers (>50% black)	70% procurement spend to majority black-owned service providers (>50% black)	70% procurement spend to majority black-owned service providers (>50% black)	70% procurement spend to majority black-owned service providers (>50% black)	70% procurement spend to majority black-owned service providers (>50% black)

1.1.6. PROGRAMME 1: EXPLANATION OF PLANNED PERFORMANCE OVER THE MEDIUM-TERM PERIOD

The CSOS core operations are currently being operated through mainly manual unintegrated platforms. As the organisation continues to grow, so does the burden placed upon the various core business units to effectively manage the business at acceptable levels and deliver on key operational outcomes to realise the CSOS Impact as stated in the Strategic Plan. The CSOS is in the process of procuring services for the development, deployment and support of a system that will be used for its core operations. These operations include Revenue Management (including the CSO levy reconciliation and allocations); Dispute Resolutions; Governance, Compliance and Enforcement (including Registrations and Schemes documentation governance and Stakeholder Engagement Customer Relations Management (CRM) that makes use of the registrations database to effectively communicate with the schemes.

Due to difficulties in sourcing a suitable service provider to implement the Business Automation Solution (BAS) as planned in the 2020/21 financial year, the tender process has been extended into the 2021/22 financial year. It is hoped that a service provider with the right mix of skills and pricing will be appointed by the end of the second quarter, thus allowing the CSOS to achieve the target of implementing three (3) modules of the BAS, namely, scheme registration, revenue management and dispute resolution in the planning period. The remaining modules will be implemented over the MTEF.

The organisation will continue with the implementation of the approved Revenue Management Strategy, with a focus on data cleansing, benchmarking and continued collaborations with other entities to attain CS data. This is to achieve the objective of the strategy, which is to ensure that levies are collected from all community schemes as per the CSOS Act and that dispute resolution and governance documents income are accounted for correctly and accurately.

In responding to the impact of job losses due to COVID-19, CSOS has communicated extensively with community schemes to ensure that levies continue to be paid. While the CSOS is mindful of the risk of reduced levies collection due to the prevailing COVID-19 situation and the resultant reduction in the income of households, the Entity is relatively confident that its Revenue Management Strategy will realise the targeted growth in revenue in 2021/22.

CSOS RECEIVED A QUALIFIED AUDIT OUTCOME FOR THE 2019/20 FINANCIAL YEAR:

The qualified audit outcome of the CSOS has improved the audit outcomes from an adverse audit opinion with findings on compliance with laws and regulations in the prior year to the current year, to qualified opinion with findings only on non-compliance with laws and regulations. The matters forming the basis for the qualified opinion are as a result of findings on the completeness and accuracy of the non-exchange revenue and its related receivables.

The Entity has developed an Audit Remedial Action Plan based on the 2019/20 audit outcome by the Auditor-General South Africa (AGSA). The qualified audit finding is due to the material findings of the AGSA relating to the completeness of revenue and receivables from non-exchange transactions.

The Audit Remedial Action Plan is being implemented and reported on, on a quarterly basis to Exco and Audit and Risk Committee (ARC) to ensure the CSOS remains on track to improve its audit outcome in the next financial year.

The inability of the CSOS to fully address the finding on the completeness of revenue (levies) is a constraint on achieving an unqualified audit outcome. This is due to the fact that not all levies due to the public are recorded in the annual financial statements as they are accrued. This is legislative shortcoming. In the 2020/21 financial year, the Entity commenced with the process to amend the Act in order to strengthen the Regulatory Powers to enforce Community Scheme Registration to enable complete levy collection. With the support of the DHS, the legislation amendment process needs to be expedited in the 2021/22 financial year.

Engagements will also continue with National Treasury and the AGSA in efforts towards the achievements of an unqualified audit outcome, with no material findings.

Enablers of the performance targets for Outcome 1 (Functional, efficient and integrated Government):

- 1) An activity-based costing/budgeting framework is being implemented to ensure that the CSOS better aligns its resource/procurement plans and activities with performance commitments.
- 2) The DPME quarterly performance reporting system that is being rolled out to public entities will be implemented in the 2021/22 financial year.
- 3) The annual HR Plan will be finalised for Board approved before the start of the financial year. There is high reliance on the HR Plan to assist in building the capacity and capabilities that are needed to implement the CSOS' mandate. Key focus areas include:
 - a) Revision of the organisational structure through a comprehensive organisational design and development process;
 - b) Capacitate all critical functions within the organisation, including in the key areas of finance, supply chain management, risk management and quality assurance. A balance between part-time and full-time resourcing for conciliation and adjudication will be sought;
 - c) Implement the approved talent management policy;
 - d) Strengthen compliance with the approved Performance Management and Development Policy and procedures. This will include reviewing and testing the effectiveness of the tools and making improvements where necessary, as a precursor to the tools being incorporated in the Human Capital module of the ERP system.
 - e) There will be more stringent application of consequence management in instances of persistent non-compliance. On the other hand, the performance management process will seek to identify high-potential staff for inclusion in the succession plan that is to be developed;
 - f) Implement deliberate interventions for culture development by addressing the findings of the Employee Engagement Survey that was conducted in 2020/21. This includes finalising the staff grading and parity exercise to ensure market-related remuneration, as well as the implementation of non-financial rewards;
 - g) Implement the annually approved training and development plan, which is developed in consideration of individual performance development plans;

- h) Inclusion of a message from the Chairperson of the Board in the staff newsletter, which sums up key Board resolutions and provides a line of sight between the Board and staff.
- 4) The implementation of the Audit Remedial Action Plan is being incorporated as a transversal indicator in all individual performance contracts, and is subjected to performance assessment and consequence management.
- 5) The Compliance Framework of the CSOS has been audited and the gaps will be addressed by the Compliance and Governance unit in the 2021/22 financial year.
- 6) Business systems and processes automation is a necessity for CSOS to operate efficiently and effectively. Priority will, therefore, be given to ensuring the implementation of the three (3) modules of the Business Automation Solution (ERP and Core) in the 2021/22 financial year.
- 7) While most HR policies and procedures have been developed in the 2020/21 financial year, the focus for 2021/22 will be on ensuring the policies and procedures of all divisions (core and non-core) are reviewed and/or developed.
- 8) The CSOS team, led by the Board and Exco, will focus on building stakeholder relations for improved decision-making and enhancing the reputation of the organisation. This includes being responsive to parliament, and demonstrating speedy implementation of plans, engaging with the Minister and the Department to speed up decision-making in critical areas, and establishing MOUs with key industry stakeholders.

Enablers of the performance targets for Outcome 2 (An effectively regulated Community Scheme Sector):

- 1) Implement the modules of the BAS ERP system that support registrations and levy collection (revenue management). The system will allow community schemes to register themselves.
- 2) Build on the stakeholder collaborations and MOUs concluded in 2020/21, which resulted in the CSOS acquiring a more comprehensive database of community schemes in the country.
- 3) Benchmark with similar entities, such as SARS and NHBRC to determine the effective method of accounting for levies revenue.
- 4) Conduct a levy rates study on the feasibility of revising the levy rate to a flat rate.
- 5) Continue to implement the results of the data cleansing project that was concluded in the 2020/21 financial year. This includes the issuing of new registration numbers to community schemes whose registration numbers were duplicated.
- 6) Support the implementation of the approved Marketing Strategy, which aims to increase brand awareness and visibility, to stimulate interest and encourage compliance.
- 7) Give more focus to the implementation of the compliance and enforcement strategy, which requires additional investigative capacity.
- 8) Support the DHS with the amendment of the CSOS Act, which *inter alia* intends to give the CSOS the legislative authority to enforce registrations.
- 9) Finalise the procurement process for the establishment of the panel of attorneys to support enforcement and levies collection.

Enablers of the performance targets for Outcome 5 (Transformation of community schemes advanced):

- 1) Increase the focus on procuring from businesses owned by the designated groups, with a particular focus on women-owned businesses. A clause will be included in tender and request for quotation/proposal documents to indicate the preferential procurement requirements:
 - a) A system to better track and monitor B-BBEE and preferential procurement is being established, for ease of monitoring and reporting.
- 2) CSOS will be implementing a supplier development programme, which will include the facilitation of workshops within industries and empowering upcoming suppliers through various CSOS platforms. The programme will be aligned with that of National Treasury and the Department of Trade and Industry.

1.2. PROGRAMME 2: REGULATION

1.2.1. PROGRAMME PURPOSE

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

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

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

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

Outcome 2: An effectively regulated Community Scheme Sector

Outcome 3: Effective disputes resolution

Outcome 5: Transformation of community schemes advanced

The 2021/22 performance plan of Programme 2 is reflected in the log frame tables below:

1.2.2. PROGRAMME 2: OUTCOMES, OUTPUTS, OUTPUT INDICATORS AND TARGETS

OUTCOME	OUTPUT	OUTPUT INDICATORS	AUDITED PERFORMANCE				ESTIMATED PERFORMANCE	MTEF TARGETS		
			2017/18	2018/19	2019/20	2020/21		2021/22	2022/23	2023/24
2. An effectively regulated Community Scheme Sector	2.2. Community schemes registration	2.2.1. Percentage registration of community schemes that have submitted scheme registration documents	17 446 Community schemes registered	2 423 Community schemes registered	1 503 Community schemes registered	5 000 Community schemes registered <i>Indicator reframed</i>	100% registration of community schemes that have submitted scheme registration documents	100% registration of community schemes that have submitted scheme registration documents	100% registration of community schemes that have submitted scheme registration documents	
			No target	No target	No target	New	Finalisation of implementation protocol for schemes governance documents database	Database of schemes governance documents established	Database of schemes governance documents maintained	
			2.3. Schemes governance documentation management							
		2.3.1. Database of schemes governance documents established	1 523	2 088	1 877	70% quality assured schemes governance documentation	80% quality assured schemes governance documentation	95% quality assured schemes governance documentation		
		2.3.2. Percentage of quality assured schemes governance documentation	882	1 305	1 206	100% compliance certificates issued on all amended scheme documents	100% compliance certificates issued on all amended scheme documents	100% compliance certificates issued on all amended scheme documents		
		2.3.3. Percentage of compliance certificates issued on all amended scheme documents								

CSOS: Annual Performance Plan 2021/22

OUTCOME	OUTPUT	OUTPUT INDICATORS	AUDITED PERFORMANCE				ESTIMATED PERFORMANCE	MTEF TARGETS		
			2017/18	2018/19	2019/20	2020/21		2021/22	2022/23	2023/24
3. Effective disputes resolution	3.1. Dispute resolution	3.1.1 Percentage of disputes conciliated within 90 days	No target	No target	New	50% of disputes conciliated within 90 days	85% of disputes conciliated within 90 days	85% of disputes conciliated within 90 days	85% of disputes conciliated within 90 days	
		3.1.2 Percentage of disputes adjudicated within 90 days	No target	No target	New	50% of disputes adjudicated within 90 days	85% of disputes adjudicated within 90 days	85% of disputes adjudicated within 90 days	85% of disputes adjudicated within 90 days	

1.2.3. PROGRAMME 2: OUTPUT INDICATORS: ANNUAL AND QUARTERLY TARGETS

OUTPUT INDICATORS	2021/22 ANNUAL TARGET	QUARTERLY TARGETS			
		Q1 Apr - Jun 2021	Q2 Jul - Sep 2021	Q3 Oct - Dec 2021	Q4 Jan - Mar 2022
2.2.1. Percentage registration of community schemes that have submitted scheme registration documents	100% registration of community schemes that have submitted scheme registration documents	100% registration of community schemes that have submitted scheme registration documents	100% registration of community schemes that have submitted scheme registration documents	100% registration of community schemes that have submitted scheme registration documents	100% registration of community schemes that have submitted scheme registration documents
2.3.1. Database of schemes governance documents established	Finalisation of implementation protocol for schemes governance documents database	-	-	Records Management System designed and developed	Finalisation of implementation protocol
2.3.2. Percentage of quality assured schemes governance documentation	80% quality assured schemes governance documentation	80% quality assured schemes governance documentation	80% quality assured schemes governance documentation	80% quality assured schemes governance documentation	80% quality assured schemes governance documentation
2.3.3. Percentage of compliance certificates issued on all amended scheme documents	100% compliance certificates issued on all amended scheme documents	100% compliance certificates issued on all amended scheme documents	100% compliance certificates issued on all amended scheme documents	100% compliance certificates issued on all amended scheme documents	100% compliance certificates issued on all amended scheme documents
3.1.1 Percentage of disputes conciliated within 90 days	85% of disputes conciliated within 90 days	85% of disputes conciliated within 90 days	85% of disputes conciliated within 90 days	85% of disputes conciliated within 90 days	85% of disputes conciliated within 90 days
3.1.2 Percentage of disputes adjudicated within 90 days	85% of disputes adjudicated within 90 days	85% of disputes adjudicated within 90 days	85% of disputes adjudicated within 90 days	85% of disputes adjudicated within 90 days	85% of disputes adjudicated within 90 days

1.2.4. PROGRAMME 2: EXPLANATION OF PLANNED PERFORMANCE OVER THE MEDIUM-TERM PERIOD

It is CSOS' strategic intent to meaningfully contribute to the achievement of the 2030 Human Settlements vision through the enhancement of vibrant community schemes as an alternative tenure option for most citizens in the country. The CSOS takes its guidance from the National Department of Human Settlements in terms of Priority 5: Spatial Integration, Human Settlements and Local Government.

The desired outcome is Spatial Transformation and Justice through the implementation of housing and human settlements in Priority Development Areas (PDAs). The Entity has identified five outcomes that will contribute to the achievement of MTSF 2014-19. CSOS is mandated in terms of Section 2 of the Community Schemes Ombud Service Act, No. 09 of 2011 to deal with the functions and operations of CSOS, governance of schemes and dispute resolution in community schemes. The CSOS Act empowers the organisation to help create and facilitate orderly and well-managed community schemes.

This will be carried out by resolving disputes amongst the parties. Providing a Dispute Resolution service for community schemes in South Africa underpins the CSOS' *Ombud Service* mandate and will continue to receive focused attention in the planning period. COVID-19 restrictions of face-to-face interaction led to the suspension of all contact processes for conciliation and adjudication during the first half of the 2020/21 financial year, and is projected to remain a challenge to achieve the target of 85% of disputes adjudicated within 90 days.

Note on the output indicator target for 85% of disputes adjudicated within 90 days:

The Dispute Resolution process is multi-faceted and entails hearings, investigations, witnesses, inspections, postponements of hearings and accordingly, there is always a roll over to the next month, to the next quarter and to the next financial year. Conciliating and, most particularly, adjudicating all disputes within 90 days is not practical to achieve. 85% is a reasonable stretch target that the CSOS will strive to achieve on an annual basis, and, as the CSOS accumulates rolled over matters, priority is given to ensure good customer service and quality resolutions.

Enablers of the performance targets for Outcome 2 (An effectively regulated Community Scheme Sector):

- 1) Continue to implement the results of the data cleansing project that was concluded in the 2020/21 financial year. This includes the issuing of new registration numbers to community schemes whose registration numbers were duplicated, and progressing to the issuing of non-compliance notices.
 - a) Spatially reference (GIS mapping) all locations of the community schemes database.
- 2) Support the implementation of the approved Marketing Strategy, which aims to increase brand awareness and visibility, to stimulate interest and encourage compliance.
- 3) Implementation of the scheme registrations' module of the planned BAS ERP system. This will replace the current Excel databases and bring about much needed efficiencies.

- 4) Establish partnerships and collaborate with stakeholders to identify the 'universe' of community schemes within the country and to determine areas of synergy regarding enforcement measures.
 - a) Building on the work done with the Deeds Office, CIPC, Surveyor-General's Office in 2020/21, the focus for 2021/22 will be to validate existing data for SARS and to engage with the DHS regarding the subsidised housing that should be registered as sectional title.
 - b) Engage the NHBRC to access the database on enrolments.
 - c) The intention is to conclude MOUs with sister entities, such as the SHRA and the HDA.

Enablers of the performance targets for Outcome 3 (Effective disputes resolution):

- 1) Implement the dispute resolutions modules of the planned BAS ERP system. This will replace the current manual systems and bring about much needed efficiencies.
- 2) Conclude the feasibility study on the requirements of other provinces, and the utilisation of other venues (schemes venues with signed indemnity agreement) and methods for conciliations and adjudications;
- 3) Conduct a work study for the proper allocation of workload, as well as the development of standard operating procedures. This needs to include an assessment of the requirements for part-time and full-time conciliation and adjudication resources.
 - a) To be included in the organisational design and development project of HR.
- 4) Establish a database for part-time adjudicators to supplement internal capacity when needed – implement the policy tabled for Board approval in 2020/21.
- 5) Implement the dispute resolution hybrid model, which is a combination of physical and online platforms that align with the needs of stakeholders.
- 6) Continuous training and development of conciliators and adjudicators through sharing and 'think-tank' type mechanisms, including, but not limited to, the publication of training material, training of conciliators and adjudicators (implementation) and the establishment of the best practice mechanism to improve the quality of adjudication orders.
- 7) Conduct benchmarking with similar organisations for improved processing of disputes. This includes the need to implement the stakeholder identification process, engagements with pension fund adjudicators regarding enforcement and engagements with the CCMA to benchmark their 'CONARBS' (Conciliation Arbitration) to our 'CONADS' (Conciliation Adjudication).

1.3. PROGRAMME 3: EDUCATION AND TRAINING

1.3.1. PROGRAMME PURPOSE

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

awareness and are trained.

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

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

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

Outcome 5: Empowered stakeholders

The 2021/22 performance plan of Programme 3 is reflected in the log frame tables below:

1.3.2. PROGRAMME 3: OUTCOMES, OUTPUTS, OUTPUT INDICATORS AND TARGETS

OUTCOME	OUTPUT	OUTPUT INDICATORS	AUDITED PERFORMANCE				ESTIMATED PERFORMANCE	MTEF TARGETS		
			2017/18	2018/19	2019/20	2020/21		2021/22	2022/23	2023/24
4. Empowered stakeholders	4.1. Training and education	4.1.1. Number of training and education sessions conducted for schemes executives and owners	No target	New	23 training and education sessions conducted for executives and owners	16 training and education sessions conducted for executives and owners	20 training and education sessions conducted for executives and owners	20 training and education sessions conducted for executives and owners	20 training and education sessions conducted for executives and owners	20 training and education sessions conducted for executives and owners
			No target	New	50 core staff trained	6 training sessions conducted for adjudicators and conciliators	8 training sessions conducted for adjudicators and conciliators	10 training sessions conducted for adjudicators and conciliators	12 training sessions conducted for adjudicators and conciliators	
			9 stakeholder information sessions conducted	12 stakeholder information sessions conducted	No target	12 stakeholder information sessions conducted	12 stakeholder information sessions conducted	12 stakeholder information sessions conducted		
5. Transformation of community schemes advanced	4.2. Stakeholder information	4.2.1. Number of stakeholder information sessions conducted	No target	New	4 marketing communication campaigns executed	4 marketing communication campaigns executed	4 marketing communication campaigns executed	4 marketing communication campaigns executed	4 marketing communication campaigns executed	4 marketing communication campaigns executed
			No target	New	10 previously disadvantaged individuals trained	10 previously disadvantaged individuals trained	20 previously disadvantaged individuals trained	30 previously disadvantaged individuals trained	40 previously disadvantaged individuals trained	
5. Transformation of community schemes advanced	4.3. Marketing and educational campaigns	4.3.1. Percentage implementation of Marketing and Communications Plan	No target	New	Indicator reframed	Indicator reframed	Indicator reframed	Indicator reframed	Indicator reframed	Indicator reframed
			No target	New	100% implementation of Marketing and Communications Plan	100% implementation of Marketing and Communications Plan	100% implementation of Marketing and Communications Plan	100% implementation of Marketing and Communications Plan	100% implementation of Marketing and Communications Plan	

CSOS: Annual Performance Plan 2021/22



OUTCOME	OUTPUT	OUTPUT INDICATORS	AUDITED PERFORMANCE				ESTIMATED PERFORMANCE	MTEF TARGETS		
			2017/18	2018/19	2019/20	2020/21		2021/22	2022/23	2023/24
		as executive managing agents	No target	No target	No target	executive managing agents	executive managing agents	executive managing agents	executive managing agents	executive managing agents
		5.2.2. Percentage of community schemes' requests for Executive Managing Agents awarded to previously disadvantaged individuals	No target	No target	No target	New indicator	80% of community schemes' requests for Executive Managing Agents awarded to previously disadvantaged individuals	90% of community schemes' requests for Executive Managing Agents awarded to previously disadvantaged individuals	90% of community schemes' requests for Executive Managing Agents awarded to previously disadvantaged individuals	90% of community schemes' requests for Executive Managing Agents awarded to previously disadvantaged individuals

1.3.3. PROGRAMME 3: OUTPUT INDICATORS: ANNUAL AND QUARTERLY TARGETS

OUTPUT INDICATORS	2021/22 ANNUAL TARGET	QUARTERLY TARGETS			
		Q1 Apr - Jun 2021	Q2 Jul - Sep 2021	Q3 Oct - Dec 2021	Q4 Jan - Mar 2022
4.1.1. Number of training and education sessions conducted for schemes executives and owners	20 training and education sessions conducted for schemes executives and owners	5 training and education sessions conducted for schemes executives and owners	5 training and education sessions conducted for schemes executives and owners	5 training and education sessions conducted for schemes executives and owners	5 training and education sessions conducted for schemes executives and owners
4.1.2. Number of training sessions conducted for adjudicators and conciliators	8 training sessions conducted for adjudicators and conciliators	2 training sessions conducted for adjudicators and conciliators	2 training sessions conducted for adjudicators and conciliators	2 training sessions conducted for adjudicators and conciliators	2 training sessions conducted for adjudicators and conciliators
4.2.1. Number of stakeholder information sessions conducted	12 stakeholder information sessions conducted	3 stakeholder information sessions conducted	3 stakeholder information sessions conducted	3 stakeholder information sessions conducted	3 stakeholder information sessions conducted
4.3.1. Percentage Implementation of Marketing and Communications Plan	100% implementation of Marketing and Communications Plan	25% implementation of Marketing and Communications Plan	50% implementation of Marketing and Communications Plan	75% implementation of Marketing and Communications Plan	100% implementation of Marketing and Communications Plan
5.2.1. Number of previously disadvantaged individuals trained as executive managing agents	20 previously disadvantaged individuals trained as executive managing agents	No target	10 previously disadvantaged individuals trained as Executive Managing Agents	No target	10 previously disadvantaged individuals trained as Executive Managing Agents
5.2.2. Percentage of community schemes' requests for Executive Managing Agents awarded to previously disadvantaged individuals	80% of community schemes' requests for Executive Managing Agents awarded to previously disadvantaged individuals	No target	No target	No target	80% of community schemes' requests for Executive Managing Agents awarded to previously disadvantaged individuals

1.3.4. PROGRAMME 3: EXPLANATION OF PLANNED PERFORMANCE OVER THE MEDIUM-TERM PERIOD

In terms of Section 4(2)(b) of the Community Schemes Ombud Service Act no 9 of 2011 (CSOS Act), CSOS is mandated to provide education, information, documentation, and such services as may be required to raise awareness to owners, occupiers, executive committees, and other person or entities who have rights and obligations in community schemes. The provision of consumer education is also a key priority area and a critical target in the CSOS Annual Performance Plan.

CSOS will collaborate with other stakeholders to ensure registration of all community schemes. Stakeholder engagement will be implemented as per the Stakeholder Engagement Strategy. The Entity will also ensure the training of previously disadvantaged individuals, in order to enable opportunities of being appointed as Executive Managing Agents. This initiative will also contribute to ensure transformation of the sector. Based on COVID-19 learnings a hybrid approach to education and training is being adopted, comprising a mix of physical and online (webinar) meetings and sessions, including stakeholder engagements.

A key focus area is the implementation of the Marketing and Communications Plan, which is developed and budgeted for annually to give effect to the Board approved Marketing and Communications Strategy.

Enablers of the performance targets for Outcome 4 (Empowered stakeholders):

- 1) To build on the successes of the stakeholder engagement programmes that take place at industry executive level and to revisit/reactivate regional stakeholder engagements.
- 2) Fast-track the conclusion of strategic partnership MOUs and participate in industry-related annual events and conferences.
- 3) To implement the approved 'go to market' education and awareness campaign that seeks to encourage community schemes to register and comply.
- 4) To implement the comprehensive marketing campaign (Marketing and Communications Plan) that has been developed in support of the approved Marketing Strategy. This requires an extension of the partnership agreement that is in place with the GCIS, and the appointment of a production agency for media content development.
- 5) Review and coordinate the implementation of the CSOS Stakeholder Management Plan.

Enablers of the performance targets for Outcome 5 (Transformation of community schemes advanced):

- 1) Strengthen the database of Executive Managing Agents (EMAs) from previously disadvantaged groups through:
 - a) Improved marketing of the role of EMAs (to improve sector understanding);
 - b) Engagements with the EAAB for the establishment of an EMA panel; and
 - c) The development of a code of conduct for EMAs.

2. PROGRAMME RESOURCE CONSIDERATIONS

The operationalisation of the CSOS is favourably welcomed by the industry at large and this is evident to the influx of questions, cases, curiosity and comments received from the public and industry since the proclamation of the Acts and subsequently the publication of the regulations. This has allowed the CSOS to strategize future operations and core mandate programs not only on the guaranteed government grant but also CSOS levy collections and other additionally planned streams of income.

The CSOS is slowly regaining stakeholder confidence through its credible dispute resolution processes and increased stakeholder engagements that seek to empower community schemes through training and education.

The government grant that is received by the CSOS declines annually, however, with the steady increase in the levy collections, the CSOS is able to maintain a net surplus.

The Revenue Management and Community Schemes Registration strategies have been approved by the CSOS Board and are being implemented. The successful implementation of these strategies will improve on the registration of community schemes, which will positively impact the collection of levies. The proper accounting of levy income will also be addressed. Currently the CSOS does not have enforcement powers for the collection of levies, however, it is working on the amendment of its Act to address this shortcoming.

The projections for the 2021/22 financial year have been based on the MTEF guidelines.

It is expected that as more and more stakeholders become aware of the CSOS, the CSOS levy income will increase as well as the demand of services being offered by the CSOS. The detailed budgeted financial budgets are presented below with the associated line item details in the supporting tables..



2021/22 MTEF BUDGET AND ESTIMATES PER PROGRAMME AND QUARTERLY BREAKDOWN

ESTIMATES BY PROGRAMME	2017/18	2018/19	2019/20	2020/21		2021/22				2022/23	2023/24
	Audited Actuals (R')	Current Budget (R')	Current Budget (R')	Estimated Budget (R')	Approved Budget (R')	Quarter 1 (R')	Quarter 2 (R')	Quarter 3 (R')	Quarter 4 (R')	Total (R')	Medium Term Expenditure Estimates (MTEF) (R')
Administration	45,443,000	78,343,158	184,953,788	301,263,616	301,263,616	75,315,904	75,315,904	75,315,904	75,315,904	301,263,616	181,086,850
Regulation		44,741,523	53,965,893	73,914,393	73,914,393	18,478,598	18,478,598	18,478,598	18,478,598	73,914,393	112,621,755
Educational and Training	52,000	2,741,319	6,191,319	20,412,951	20,412,951	5,103,238	5,103,238	5,103,238	5,103,238	20,412,951	35,938,314
Total	45,495,000	125,826,000	245,111,000	395,590,960	395,590,960	98,897,740	98,897,740	98,897,740	98,897,740	395,590,960	329,646,919

STATEMENT OF FINANCIAL PERFORMANCE – MTEF BUDGET 2021/22 TO 2023/24:



MTEF BUDGET

Affordable Reliable Justice

Income	2021/22	Quarter 1	Quarter 2	Quarter 3	Quarter 4	2022/23	2023/24
	1000 (Government Grant)	24,022,000.00		24,022,000.00			24,817,000.00
1100-030 (Community Scheme Levy Income)	239,598,000.00	41,008,709.00	59,183,975.00	61,278,886.00	77,926,430.00	263,042,000.00	274,616,000.00
1200-030 (Dispute Resolution Fees)	446,990.00	111,747.50	111,747.50	111,747.50	111,747.50	471,922.89	492,687.50
1300-030 (Community Scheme Governance Doc)	9,110,761.00	2,277,690.25	2,277,690.25	2,277,690.25	2,277,690.25	9,511,634.48	9,930,146.40
3100 (Interest Received)							
3200-030 (Other Income > Surplus retention)	27,799,575.23	6,949,893.81	6,949,893.81	6,949,893.81	6,949,893.81	25,166,960.33	19,696,085.13
Total Income	300,777,326.23	50,348,040.56	92,545,306.56	70,618,217.56	87,265,761.56	323,009,517.71	329,646,919.03

CSOS: Annual Performance Plan 2021/22

Operating Expenses

4000>030 (Audit Fees - External	1,500,000.00	300,000.00	800,000.00	400,000.00	-	1,582,500.00	3,000,000.00
4000>032 (Audit Fees - Internal >	500,000.00	-	250,000.00	-	-	500,000.00	500,000.00
4050>040 (Advertising > HR)	1,200,000.00	300,000.00	300,000.00	300,000.00	-	1,266,000.00	1,321,704.00
4050>042 (Advertising > Marketing	20,000,000.00	2,500,000.00	7,500,000.00	5,000,000.00	-	20,000,000.00	20,000,000.00
4050>043 (Advertising > SCM)	500,000.00	300,000.00	50,000.00	100,000.00	-	-	-
4100 (Impairment Loss)	-	-	-	-	-	-	-
4150 (Bank Charges)	143,000.00	35,750.00	35,750.00	35,750.00	-	157,300.00	173,030.00
4200 (Annual Report)	500,000.00	-	250,000.00	-	-	-	-
4230>010 (Consulting and Professional Fees - CEO	4,000,000.00	1,500,000.00	2,500,000.00	-	-	-	-
4230>030 (Consulting and Professional Fees - FIN	785,000.00	110,000.00	250,000.00	350,000.00	75,000.00	75,000.00	75,000.00
4230>030 (Consulting and Professional Fees - AG	1,000,000.00	-	500,000.00	500,000.00	-	1,500,000.00	2,000,000.00
4230>030 (Consulting and Professional Fees - LEGAL	-	-	-	-	-	-	-
4230>030 (Consulting and Professional Fees - HR	2,175,000.00	2,118,750.00	18,750.00	18,750.00	18,750.00	75,000.00	75,000.00
4230>030 (Consulting and Professional Fees - GP	4,254,000.00	1,063,500.00	1,063,500.00	1,063,500.00	1,063,500.00	4,679,400.00	5,147,340.00
4230>030 (Consulting and Professional Fees - KZN	-	-	-	-	-	-	-
4230>030 (Consulting and Professional Fees - WC	-	-	-	-	-	-	-
4230>030 (Consulting and Professional Fees - IT	2,155,190.00	914,476.00	580,238.00	330,238.00	330,238.00	2,527,500.00	6,128,874.00
4230>030 (Consulting and Professional Fees - MARKETING	833,333.33	375,000.00	125,000.00	125,000.00	208,333.33	833,333.33	833,333.33
4230>030 (Consulting and Professional Fees - Facilities	3,333,333.33	833,333.42	833,333.42	833,333.67	833,333.42	3,333,334.00	3,333,334.00
4230>030 (Consulting and Professional Fees - EGCE	336,000.00	84,000.00	84,000.00	84,000.00	84,000.00	354,480.00	370,077.12
4230>030 (Consulting and Professional Fees - CAE	-	-	-	-	-	-	-
4250 (Computer expenses)	150,000.00	50,000.00	50,000.00	50,000.00	-	175,000.00	190,000.00
4300>010 (Depreciation -	731,435.00	182,859.00	182,859.00	182,859.00	182,859.00	143,320.61	157,652.67
4300>020 (Depreciation -	114,836.00	28,709.00	28,709.00	28,709.00	28,709.00	126,320.00	138,952.00
4300>030 (Depreciation -	155,363.00	38,841.00	38,841.00	38,841.00	38,841.00	170,899.00	187,989.00
4300>050 (Depreciation - Office	149,483.00	37,371.00	37,371.00	37,371.00	37,371.00	164,431.00	180,874.00
4300>060 (Depreciation -	240,947.00	60,237.00	60,237.00	60,237.00	60,237.00	265,042.00	291,546.00
4300>070 (Depreciation -	150,760.00	37,690.00	37,690.00	37,690.00	37,690.00	165,836.00	182,419.00
4320 (Overs/ Unders)	-	-	-	-	-	-	-
4340 (Fixed Asset Clearing	-	-	-	-	-	-	-
4360>030 (Electricity & Water > HO&GP	1,800,000.00	450,000.00	450,000.00	450,000.00	450,000.00	1,944,000.00	2,099,520.00
4360>033 (Electricity & Water > KZN	120,000.00	30,000.00	30,000.00	30,000.00	30,000.00	129,600.00	139,968.00
4360>033 (Electricity & Water > WC	192,000.00	48,000.00	48,000.00	48,000.00	48,000.00	207,360.00	223,948.80
4380>010 (Travel & Accommodation > CEO)	8289,170	839,793	839,793	839,793	839,793	8407,374	8424,299
4380>020 (Travel & Accommodation > Chief Audit Executive)	40,000.00	-	-	-	-	88,000.00	96,000.00
4380>030 (Travel & Accommodation > Finance)	181,400.00	44,400.00	84,400.00	84,400.00	44,800.00	88,000.00	96,800.00
4380>040 (Travel & Accommodation > Corporate Services)	50,000.00	12,500.00	12,500.00	12,500.00	12,500.00	150,000.00	150,000.00
4380>050 (Travel & Accommodation > Adjucator General)	-	-	-	-	-	-	-
4380>051 (Travel & Accommodation > CPT Part-time Adjudicators)	-	-	-	-	-	-	-
4380>052 (Travel & Accommodation > GP Part-time Adjudicators)	-	-	-	-	-	-	-
4380>053 (Travel & Accommodation > KZN Part-time Adjudicators)	-	-	-	-	-	-	-
4380>060 (Travel & Accommodation > HR unit)	-	-	-	-	-	-	-
4380>061 (Travel & Accommodation > CPT	R103,500	R18,375	R28,375	R28,375	R28,375	R124,850	R137,335
4380>062 (Travel & Accommodation > GP)	R150,000	R37,500	R37,500	R37,500	R37,500	R400,000	R400,000
4380>063 (Travel & Accommodation > KZN)	55,000.00	13,750.00	13,750.00	13,750.00	13,750.00	60,500.00	66,500.00
4380>070 (Travel & Accommodation > Information Technology)	89,600.00	22,400.00	22,400.00	22,400.00	22,400.00	98,560.00	108,416.00
4380>080 (Travel & Accommodation > Legal)	-	-	-	-	-	-	-
4380>081 (Travel & Accommodation > HR)	R0	R0	R0	R0	R0	R125,000	R130,500

CSOS: Annual Performance Plan 2021/22

4380>082 (Travel & Accommodation > Facilities)	70,000.00	25,000.00	25,000.00	25,000.00	25,000.00	25,000.00	25,000.00	100,000.00	100,000.00	100,000.00
4380>083 (Travel & Accommodation > EGCE)	1,200,000.00	300,000.00	300,000.00	300,000.00	300,000.00	300,000.00	300,000.00	1,266,000.00	1,266,000.00	1,321,704.00
4400>033 (Equipment / Vehicle)										
4420 (Board Travel)	70,000.00	-	35,000.00	35,000.00	35,000.00	35,000.00	35,000.00	73,850.00	73,850.00	77,099.40
4425 (Board Honorarium)	3,000,000.00	-	1,000,000.00	1,000,000.00	1,000,000.00	1,000,000.00	1,000,000.00	3,165,000.00	3,165,000.00	3,304,260.00
4430 (Board Substantance)										
4435 (Board Travel-Payroll)										
4440>031 (Office Refurbishment)										
4470 (Donation)										
4480>030 (Office Expenses > GP)	1,000,000.00	150,000.00	150,000.00	150,000.00	150,000.00	150,000.00	150,000.00	600,000.00	600,000.00	600,000.00
4480>031 (Office Expenses > HO)	2,833,333.33	833,333.42	833,333.42	833,333.42	833,333.42	833,333.42	833,333.42	2,933,334.00	2,933,334.00	2,933,334.00
4480>032 (Office Expenses > Board Members)	300,000.00	62,500.00	62,500.00	62,500.00	62,500.00	62,500.00	62,500.00	1,150,000.00	1,150,000.00	2,000,000.00
4480>033 (Office Expenses > KZN)										
4480>033 (Office Expenses > WC)	130,000.00	32,500.00	32,500.00	32,500.00	32,500.00	32,500.00	32,500.00	143,000.00	143,000.00	157,300.00
4530>010 (Conference / Workshop - Staff > CEO)										
4530>030 (Conference / Workshop - Staff > Fin)										
4530>031 (Conference / Workshop - Staff > AG)										
4530>032 (Conference / Workshop - Board Members)										
4530>033 (Conference / Workshop - Staff > CAE)	60,000.00	60,000.00	60,000.00	60,000.00	60,000.00	60,000.00	60,000.00	66,000.00	66,000.00	72,000.00
4530>040 (Conference / Workshop - Staff > CS)										
4530>041 (Conference / Workshop - Staff > Legal)										
4530>042 (Conference / Workshop - Staff > Marketing)	400,000.00	150,000.00	150,000.00	150,000.00	150,000.00	150,000.00	150,000.00	440,000.00	440,000.00	484,000.00
4530>043 (Conference / Workshop - Staff > Facilities)										
4530>044 (Conference / Workshop - Staff > GP)										
4530>045 (Conference / Workshop - Staff > KZN)	50,000.00	12,500.00	12,500.00	12,500.00	12,500.00	12,500.00	12,500.00	55,000.00	55,000.00	60,500.00
4530>046 (Conference / Workshop - Staff > WC)										
4530>047 (Conference / Workshop - Staff > IT)										
4530>047 (Conference / Workshop - Staff > EGCE)										
4560>030 (Legal Expenses - >	6,000,000.00	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00	6,000,000.00	6,000,000.00	5,000,000.00
4580>070 (Licenses >	19,711,049.72	1,913,203.68	1,870,974.68	1,870,974.68	1,870,974.68	1,870,974.68	1,870,974.68	18,902,694.52	18,902,694.52	18,057,070.14
4590>040 (Marketing > Publications)										
4590>041 (Marketing > Promotional Items)										
4590>041 (Marketing > Awareness)	96,000.00	24,000.00	24,000.00	24,000.00	24,000.00	24,000.00	24,000.00	105,600.00	105,600.00	116,160.00
4590>041 (Marketing > Other)	450,000.00	250,000.00	100,000.00	100,000.00	100,000.00	100,000.00	100,000.00	495,000.00	495,000.00	544,500.00
4640>030 (Postage & Delivery > HO & GP)	800,000.00	200,000.00	200,000.00	200,000.00	200,000.00	200,000.00	200,000.00	800,000.00	800,000.00	800,000.00
4640>033 (Postage & Delivery > KZN)										
4640>034 (Postage & Delivery > WC)										
4660>030 (Stationery > Finance) - HO & GP	900,000.00	300,000.00	300,000.00	300,000.00	300,000.00	300,000.00	300,000.00	1,200,000.00	1,200,000.00	-
4660>031 (Stationery > Finance) - KZN										
4660>033 (Stationery > Finance) - WC										
4700>033 (Rent > Finance) - HO & GP	6,417,848.70	1,604,462.18	1,604,462.18	1,604,462.18	1,604,462.18	1,604,462.18	1,604,462.18	6,899,187.34	6,899,187.34	6,104,219.21
4700>033 (Rent > Finance) - HO & GP	1,838,186.08	459,546.52	459,546.52	459,546.52	459,546.52	459,546.52	459,546.52	1,985,240.88	1,985,240.88	2,144,060.12
4700>033 (Rent > Finance) - KZN	928,965.63	232,241.41	232,241.41	232,241.41	232,241.41	232,241.41	232,241.41	1,003,282.91	1,003,282.91	1,083,545.57
4720>030 (Repairs & Maint. > HO & GP)	666,666.67	166,666.75	166,666.75	166,666.75	166,666.75	166,666.75	166,666.75	666,667.00	666,667.00	666,667.00
4720>030 (Repairs & Maint. > KZN)										
4720>030 (Repairs & Maint. > WC)										



CSOS: Annual Performance Plan 2021/22

Salaries	126,692,860.89	21,282,753.22	50,766,486.22	21,409,541.22	33,234,080.22	138,095,218.37	151,904,740.21
4780>033 (Subscriptions fees	1,057,460.00	946,115.00	29,115.00	41,115.00	41,115.00	1,028,106.00	590,916.60
4780>034 (Membership fees	381,000.00	17,000.00	190,000.00	162,000.00	12,000.00	360,500.00	378,826.00
4800>030 (HO Telephone &	132,000.00	33,000.00	33,000.00	33,000.00	33,000.00	151,800.00	174,570.00
4820>060 (Staff Recruitment	250,000.00	62,500.00	62,500.00	62,500.00	62,500.00	250,000.00	250,000.00
4840>062 (Board Training and	590,802.27	147,700.57	147,700.57	147,700.57	147,700.57	1,500,000.00	1,566,000.00
4840>063 (Staff Training and development - HR	-	-	-	-	-	-	-
4840>063 (Staff Training and development - WC	590,802.27	147,700.57	147,700.57	147,700.57	147,700.57	623,296.40	650,721.44
4840>063 (Staff Training and development - CIO	1,476,000.00	369,000.00	369,000.00	369,000.00	369,000.00	1,697,400.00	2,500,000.00
4900>030 (Cellphone > Finance	320,000.00	112,500.00	82,500.00	62,500.00	62,500.00	250,000.00	250,000.00
New Acc - HR Special projects	400,000.00	125,000.00	125,000.00	125,000.00	125,000.00	550,000.00	605,000.00
New - Board Indemnity	400,000.00	100,000.00	100,000.00	100,000.00	100,000.00	400,000.00	400,000.00
5440>051 (Outsourced adj -WC	5,800,000.00	1,450,000.00	1,450,000.00	1,450,000.00	1,450,000.00	6,380,000.00	7,018,000.00
5440>052 (Outsourced adj - GP	810,000.00	R500,000	R500,000	R500,000	R500,000	R2,500,000	R2,600,000
5440>053 (Outsourced adj - KZN	4,200,000.00	1,050,000.00	1,050,000.00	1,050,000.00	1,050,000.00	4,620,000.00	5,082,000.00
5475>050 (Offsite Record	5,000,000.00	1,050,000.00	1,050,000.00	1,050,000.00	5,000,000.00	22,000,000.00	25,000,000.00
Total Operating expenses	252,191,326.23	45,871,457.22	80,629,723.22	53,077,639.97	63,847,511.56	270,674,117.71	293,257,655.43
Surplus/Loss	48,586,000.00	4,476,583.33	11,915,583.33	17,545,577.58	23,418,250.00	52,335,400.00	36,389,263.60
Capital Expenditure	48,586,000.00	5,502,500.00	6,512,500.00	12,472,500.00	22,898,500.00	52,335,400.00	36,389,263.60
Computer Hardware	9,000,000.00	2,987,500.00	5,337,500.00	337,500.00	337,500.00	4,250,000.00	4,400,000.00
Furniture and Fittings	3,200,000.00	1,550,000.00	250,000.00	250,000.00	250,000.00	4,000,000.00	4,100,000.00
Software (Intangible Assets)	32,080,000.00	80,000.00	-	10,500,000.00	21,500,000.00	40,084,400.00	23,586,113.60
Office Machinery & Equipment	2,060,000.00	455,000.00	435,000.00	435,000.00	435,000.00	2,001,000.00	2,301,150.00
Motor Vehicles	1,000,000.00	250,000.00	250,000.00	250,000.00	250,000.00	1,000,000.00	1,000,000.00
Leasehold Improvement	-	-	-	-	-	-	-
Vetting biometrics	-	-	-	-	-	-	-
Mobile devices	1,246,000.00	180,000.00	240,000.00	700,000.00	126,000.00	1,000,000.00	1,000,000.00
Purchase of building	-	-	-	-	-	-	-

STATEMENT OF FINANCIAL POSITION:

BALANCE SHEET

	Audited Actuals		Audited Actuals	Latest estimates	AFFORDABLE BUDGET	MTEF ESTIMATES	
	2018/19	2019/20	2020/21	2020/21	2021/22	2022/23	2023/24
NON CURRENT ASSETS							
Property Plant and Equipment	4,746,000	5,260,000	22,491,706	22,491,706	49,708,176	102,286,334	138,865,916
Intangible Assets	3,848,000	4,124,000	6,308,456	6,308,456	17,135,012	68,437,563	103,687,394
Other Receivables - Rental Deposit	287,000	504,000	15,572,250	15,572,250	31,985,164	33,243,771	34,573,521
Prepayments	611,000	611,000	611,000	611,000	605,000	605,000	605,000
	-	21,000	-	-	-	-	-
Current Assets							
Receivables	183,306,000	231,149,000	83,746,173	83,746,173	241,920,806	254,016,846	265,193,588
Prepayments	21,213,000	21,013,000	24,473,460	24,473,460	26,920,906	28,266,846	29,510,588
Other Financial Assets	996,000	288,000	-	-	-	-	-
Cash and Cash Equivalents	100,000	-	-	-	-	-	-
Operating lease asset	160,997,000	209,794,000	59,272,713	59,272,713	215,000,000	225,750,000	235,683,000
	-	54,000	-	-	-	-	-
TOTAL ASSETS	188,052,000	236,409,000	106,237,879	106,237,879	291,628,982	356,303,180	404,059,503
Non-current Liabilities							
Payables from Exchange	-	-	-	-	-	-	-
Current Liabilities							
Provisions	9,869,000	9,036,000	9,234,533	9,234,533	10,787,064	11,335,752	11,272,918
Operating Lease Liability	4,366,000	2,491,000	4,950,000	4,950,000	5,728,342	6,014,759	6,315,497
Payables	206,000	-	480,000	480,000	1,096,789	1,130,604	582,655
	5,297,000	6,545,000	3,804,533	3,804,533	3,971,933	4,190,389	4,374,766
TOTAL LIABILITIES	9,869,000	9,036,000	9,234,533	9,234,533	10,797,864	11,335,752	11,272,918
Accumulated Surplus / (Deficit)	178,183,000	227,373,000	97,003,346	97,003,346	280,831,118	344,967,428	392,786,585
TOTAL ACCUMULATED SURPLUS/(DEFICIT) AND LIABILITIES	188,052,000	236,409,000	106,237,879	106,237,879	291,628,982	356,303,180	404,059,503

CASHFLOW STATEMENT:

CSOS: Annual Performance Plan 2021/22

CASH FLOW STATEMENT	AUDITED ACTUAL	2018/19	AUDITED ACTUAL	2019/20	Latest Estimate	2020/21	Affordable Budget	2021/22	MTEF ESTIMATES			
									2022/23	2023/24	2023/24	
Cash Flows from Operating Activities												
Receipts												
Government Grant				264,540,000	252,868,000	272,977,751	297,842,557	309,950,834				
CSOS Levy Income	31,105,000	32,847,000	23,944,000	217,619,000	217,000,000	239,388,000	263,042,000	274,616,000	24,817,000	24,912,000		
CSOS Dispute Resolution Service Fees	191,852,000	217,619,000	217,000,000	441,000	424,000	446,990	471,923	492,687	263,042,000	274,616,000		
CSOS Documentation Fees	424,000	441,000	424,000						471,923	492,687		
CSOS Service Fees												
Interest Income		8,884,000	13,607,000	13,607,000	11,500,000	9,110,761	9,511,634	9,930,146				
Other receipts			26,000									
Payments												
Compensation of employees/Board				-95,612,000	-154,258,410	-183,985,979	-253,583,564	-270,472,290				
Goods and Services - Payables				-63,380,000	-101,730,090	-125,520,166	-105,367,000	-123,081,000				
Other Payments				-32,231,000	-52,528,320	-58,463,813	-148,216,564	-147,391,290				
				-1,000								
Net Cash from Operating Activities				148,731,000	98,609,590	88,991,772	44,258,993	39,478,544				
Cash Flows from Investing Activities												
PPE				18,453,000	-178,886,664	-40,586,000	-33,392,275	-39,831,667				
Intangible Assets				-1,386,000	-2,086,000	-8,506,000	-8,392,275	-14,831,667				
Investments acquired				-273,000	-345,000							
(Increase) / Decrease in other receivables				20,271,000	-171,030,000	-32,980,000	-25,000,000	-25,000,000				
				-159,000								
Net Cash from Investing Activities				18,453,000	-178,886,664	-40,586,000	-33,392,275	-39,831,667				
Cash Flows from Financing Activities												
Movement in short-term borrowings				-61,190,000	-117,700,000							
Transfer of prior year surplus				-61,190,000	-117,700,000							
Net Increase / (Decrease) for the year				105,994,000	-80,277,074	48,405,772	10,866,718	-353,123				
Cash and Cash Equivalents at beginning of the year				55,003,000	160,997,000	129,516,926	177,922,698	188,789,416				
Cash and Cash Equivalents at the End of the Year				160,997,000	209,794,000	177,922,698	188,789,416	188,436,293				

2.1. EXPLANATION OF THE RESOURCES' CONTRIBUTION TO ACHIEVING THE OUTPUTS

The 2021/22 budget and targets are activated with the budget approved by national treasury via the ENE submission, this depicted a R 239 398 000 levy collection income for the current year with the approval of this budget, the organisation will be able to recover from the backlog caused by the previous financial paralysis and execute its core mandate as depicted in Part C of this APP. The organisation will strive to collect more than the projected levy collection and is optimistic it can reach all collection targets.

REVENUE

The CSOS will continue to improve its operational standing after having been fully operational since the 2017/18 year and strives to further increase the collections projects year on year. Accordingly, the Income streams, of which the CSOS Levy Income is the largest, will be collectable in terms of the CSOS Act (section 22). The estimates of revenue thus, include this estimate which is planned to cover the operating expenses of the entity.

EXPENDITURE BUDGET

Staff Costs

This consists of:

- The existing headcount complement is 106 permanent and 22 interns and 18 temporary staff.
- There are critical positions identified which are to be prioritised and are accounted for in the Staff Costs, including employees to be recruited for the expansion of additional points of presence for the CSOS.
- There is a provision for payment of salary increases for staff for the upcoming year as well as a provision for performance-related remuneration.

Operational Expenses

Operational expenses comprise the core functions of dispute resolution, community schemes database management and related activities, as well as the storage, management and retrieval of community schemes' governance documents. These activities should naturally consume the second largest expenditure after staff costs.

Marketing and Communication Expenses

The marketing and communications functions has been earmarked as an important function of the CSOS, and more so now that the organisation is operational but still unknown to the general public, entailing the public consultation campaigns for the organisation. Brand promotion and management costs for the entity are also included in this category. Furthermore, the production of the mandatory annual report is this cost category.

Stakeholder Training and Consumer Education

The education of stakeholders, including reaching the affordable and subsidy housing market community schemes, is a core function of the CSOS and a key contribution to the current MTEF for the Department. The CSOS intends to roll out extensive programmes in this area during the coming planning period. The scope, the speed of roll out and reach of these programmes will be limited only by budget availability.

Travelling and Accommodation

All efforts are made to limit the travelling and accommodation expenses by using alternative means, including the use of technologies like teleconferencing and video-linking during the planning periods. However, there is always the unavoidable physical travelling between the entity's staff in the regions (KwaZulu-Natal and Western Cape) and head office (Johannesburg), as well as, between the CSOS Executives and the Executive Authority programmes like out-of-town quarterly reviews, Technical MINMECs, portfolio committees, and other parliamentary presentations. Furthermore, the current "hub-and-spoke" model (Provincial offices servicing other adjacent regions) necessarily entails a fair amount of periodic travelling and accommodation.

Board Expenses

Board expenses are budgeted per the National Treasury guidelines. This category includes only the external members, emoluments and capacitation programmes for members of the board. This budget includes expenses related to the advisory council to be established by the Minister.

Facilities and Infrastructure Costs

This category includes those primary expenses required to establish and maintain the existing offices. Included are the rental for offices, the fitting and furnishing of furniture (non-asset portions), the leasing of some assets (like office equipment), annual licenses for IT resources, ICT support services (non-capital) and Disaster Recovery and Business Continuity. The intention is to make the CSOS as accessible as possible to the members of the public, with the initial focus being on the localities of high concentration of community schemes.

General and Administration Costs

This expense category includes costs that are necessary to maintain a functional and habitable office, achieve compliance, and maintain an effective operation.

Capital Goods

The entity will commence with the development of the core system, referred to as the Business Automated Solution, which will include both the core and ERP systems. The records management system will also be developed in the 2021/22 financial year. The fleet will also be procured in the financial year. These capital projects will aid the entity in the improvement of its processes.

3. UPDATED KEY RISKS

The strategic risks reflected in the 2020-2025 Strategic Plan, are updated as follows:

Outcome	Key Risk	Risk Mitigation
1) Functional, efficient and integrated Government	Non-compliance with policies and applicable legislation	<ul style="list-style-type: none"> - Review and/or develop policies in terms of the organisational policy register - Improve the performance management system tools, provide training, and monitor and report on compliance - Monitor and report on the compliance framework on a quarterly basis - Train employees on key policies and legislation - Enforce consequence management
	Fraud and corruption	<ul style="list-style-type: none"> - Review Fraud Prevention and Whistle-blowing policies - Conduct fraud awareness workshops - Develop and enhance the education of Fraud Prevention Policy, as well a Whistle-blowing Policy to decrease fraud detection and prevention capabilities - Enforce consequence management
	Business interruptions	<ul style="list-style-type: none"> - Monitor the effectiveness of the remote working policy - Implementation of Business Continuity Management, including testing of the disaster recovery plan - Monitor the implementation of the practice directive of the hybrid system and its effectiveness for the regulation programme - Review the issuing of certificates (physical and electronic), and ensure the legality and acceptance of electronic certificates by the Deeds Office - Determine an appropriate hybrid model for dispute resolution, considering stakeholder needs and the learnings of the COVID-19 period
	IT security breaches (cyber-attacks)	<ul style="list-style-type: none"> - Educate employees on workstation security measures (cyber security)

Outcome	Key Risk	Risk Mitigation
		<ul style="list-style-type: none"> - Review the IT security policy and framework - Train employees, monitor user practices, and apply consequence management - Develop a cyber-defence security programme to ensure that the network and data is secure
<p>2) An effectively regulated Community Scheme Sector</p>	<p>Non-compliance of schemes to the CSOS Act, Sectional Title Schemes Management Act and Regulations</p>	<ul style="list-style-type: none"> - Implementation of the Marketing and Communications Strategy - Collaboration with industry stakeholders to raise awareness of the CSOS and the importance of its mandate - Implementation of the Community Schemes Registration Strategy - Implementation of the Compliance and Enforcement Strategy - Identify schemes that are not complying and issue non-compliance notices - Training of community schemes - Amendment of the CSOS Legislation to allow for more effective enforcement measures to counter non-compliance
	<p>Incomplete revenue management</p>	<ul style="list-style-type: none"> - Implementation of the Compliance and Enforcement Strategy - Collaborations with other government stakeholders to obtain community schemes databases - Implementation of the data cleansing report - Procurement and implementation of the BAS to support core operations - Implementation of the revenue management strategy?
	<p>Inability to retain surplus funds</p>	<ul style="list-style-type: none"> - Conclude on the matter of retention of funds with National Treasury - The National Treasury directive will inform the approach to investing funds
<p>3) Effective disputes resolution</p>	<p>Non-compliance to dispute resolution practice directive</p>	<ul style="list-style-type: none"> - Conduct monthly region-based peer review-meetings with case management officers, conciliators and adjudicators - Conduct quarterly forums for conciliators and adjudicators

Outcome	Key Risk	Risk Mitigation
		<ul style="list-style-type: none"> - Train stakeholders on dispute resolution processes
	Quality of adjudication orders	<ul style="list-style-type: none"> - Implement the quality assurance process - Institute the process for conducting internal reviews
4) Empowered stakeholders	Non-attendance/resistance to training by schemes executives and occupiers	<ul style="list-style-type: none"> - Amendment of the CSOS Legislation to allow for more effective enforcement measures to counter non-compliance - Implementation of the approved Marketing and Communications Strategy - Advanced training through partnerships - Partnering with accredited institutions for development of curriculum accreditation
5) Transformation of community schemes advanced	Non-attendance/resistance to training by previously disadvantaged individuals managing agents	<ul style="list-style-type: none"> - Implement the approved Stakeholder Management Strategy and Plan - Implement the approved Transformation Charter - Appoint a panel of PDI managing agents
	Appointed executive managing agents' inefficiencies resulting to CSOS reputational damage	<ul style="list-style-type: none"> - Training of previously disadvantaged individuals as Executive Managing Agents - Develop a code of conduct for executive managing agents

The detailed CSOS Risk Register is reviewed monthly by Exco, and quarterly at each meeting of the Audit and Risk Committee.

4. PUBLIC ENTITIES

The Community Schemes Ombud Service does not have any Public Entities.

5. INFRASTRUCTURE PROJECTS

Not applicable to the Community Schemes Ombud Service at this stage.

6. PUBLIC / PRIVATE PARTNERSHIPS

Not applicable to the Community Schemes Ombud Service at this stage.

PART D: TECHNICAL INDICATOR DESCRIPTIONS

1. PROGRAMME 1: ADMINISTRATION

SP Outcome Indicator Title	External audit outcome
Definition	<ul style="list-style-type: none"> - The CSOS strives to progress to achieving an unqualified audit outcome with no material findings over the MTSF. This will be achieved by implementing the Audit Remedial Action Plan that has been developed in response to the audit findings of the Auditor General South Africa (AGSA). There are five (5) material findings that need to be addressed – Receivables; Non-exchange revenue; Material Misstatement; Contingent liabilities; Irregular Expenditure; and Fruitless and Wasteful Expenditure. - The Audit Remedial Plan is an output of the APP and is being implemented and reported on a quarterly basis to EXCO and Audit and Risk Committee (ARC) to ensure the CSOS's readiness towards achieving an improved audit outcome within the MTEF. - During the MTSF, the Entity will commence with the process to amend the CSOS Act in order to strengthen the Regulatory Powers to enforce Community Scheme Registration to enable complete levy collection. Engagements will also be held with National Treasury and Auditor General South Africa in efforts towards the achievements of a clean audit.
Source of date	Auditor-General Audit Report
Method of Calculation / Assessment	Audit outcome for the previous financial year stated in the signed Audit Report of the Auditor General.
Means of verification	Document review – Auditor General Audit Report
Assumptions	<ul style="list-style-type: none"> - Procurement and deployment of the Core Information System to replace current Sage system - Amendment of the CSOS Act to provide for enforcement powers - Education and awareness campaigns will encourage schemes to register
Disaggregation of Beneficiaries (Where Applicable)	N/A
Spatial Transformation (Where applicable)	N/A
Calculation Type	Non-cumulative

SP Outcome Indicator Title	External audit outcome
Reporting Cycle	Annual, in Q2
Desired Performance	Qualified Audit Outcome for the 2021/22 Financial Year (for reasons stated under the definition), progressing to an Unqualified Audit Outcome as from the 2022/21 Financial Year
Indicator Responsibility	Chief Ombud

Indicator Title 1.1.1	Percentage of the approved Anti-Fraud and Corruption Implementation Plan implemented
Definition	Execution of the approved Anti-Fraud and Corruption Implementation Plan
Source of data	Information sourced from business units
Method of Calculation / Assessment	Total number of anti-fraud and corruption activities implemented year-to-date / Total number of planned anti-fraud and corruption activities for the year x 100
Means of verification	<ul style="list-style-type: none"> - Approved Anti-Fraud and Corruption Implementation Plan, reflecting planned quarterly activities/milestones. - Status/progress report of planned activities per quarter as per the approved plan
Assumptions	<ul style="list-style-type: none"> - Unrestricted access to records - Availability of personnel - Cooperation and support from business units
Disaggregation of Beneficiaries (where applicable)	N/A
Spatial Transformation (where applicable)	N/A
Calculation Type	Cumulative Year-to-Date
Reporting Cycle	Quarterly
Desired Performance	100% of the approved Anti-Fraud and Corruption Implementation Plan implemented
Indicator Responsibility	Manager: Risk Management

Indicator Title 1.2.1.	Percentage Implementation of the Approved Risk Management Plan
Definition	Risk Management Implementation Plan is aligned to Risk Management Strategy and unpacks specific risk management activities that will be implemented for the particular year, per quarter, including responsible persons, resources required, and target dates
Source of data	Exco and Audit and Risk Committee (ARC)-approved annual Risk Management Plan aligned to the Board-approved Strategic Risk Register, reflecting quarterly risk mitigation activities and milestones. Quarterly updated Risk Management Plan submitted to Exco and ARC Supporting evidence for mitigation activities undertaken based on data collected from CSOS divisions.
Method of Calculation / Assessment	Total number of risk mitigation activities implemented year-to-date / total number of planned risk mitigation activities for the year x 100
Means of verification	Risk management plan (monitoring tool), Strategic Risk Register, status report to ARC
Assumptions	Complete, accurate, timeous risk information and cooperation from internal stakeholders (Risk Champions and Risk Owners)
Disaggregation of Beneficiaries (where applicable)	N/A
Spatial Transformation (where applicable)	N/A
Calculation Type	Cumulative Year-to-Date
Reporting Cycle	Quarterly
Desired Performance	100% implementation of the approved Risk Management Plan
Indicator Responsibility	Manager: Risk Management

Indicator Title 1.3.1.	Percentage implementation of the Audit Remedial Plan
Definition	The indicator will measure the implementation of Audit Remedial Plan to establish and enforce sound governance processes and internal control measures designed to achieve a clean audit outcome in terms of both financial and non-financial performance
Source of data	Audit Remedial Plan, business unit reports on the audit matrix

Method of Calculation / Assessment	Total number of audit remedial activities implemented year-to-date / Total number of planned audit remedial activities for the year x 100
Means of verification	Exco reports on the implementation of the Audit Remedial Plan
Assumptions	Implementation of the Audit Remedial Plan
Disaggregation of Beneficiaries (where applicable)	N/A
Spatial Transformation (where applicable)	N/A
Calculation Type	Cumulative Year-to-Date
Reporting Cycle	Quarterly
Desired Performance	Higher than targeted performance is desirable: 95% implementation of the Audit Remedial Plan
Indicator Responsibility	Manager: Internal Audit

Indicator Title 1.4.1.	Number of Business Automation Solution modules implemented
Definition	<p>The process of digitisation entails the migration from a paper-based environment to a paperless environment, where all paper-based files/ documents within all CSOS business processes are housed within a digitised system and are accessible digitally</p> <p>The applications will ensure that all support business processes are automated and digitised</p> <p>It is envisaged that the tender process to appoint a suitable service provider to implement the BAS will be concluded by the end of Q2 2021/22. Implementation of the targeted two (2) modules will take place in the 3rd and 4th quarters.</p>
Source of data	<ul style="list-style-type: none"> - Documented business process and system testing reports - Signed-off user acceptance testing reports - Training attendance register
Method of Calculation / Assessment	Simple count of the number of BAS system modules implemented for the year-to-date period.
Means of verification	<ul style="list-style-type: none"> - Signed-off user acceptance testing reports for automated business processes

	<ul style="list-style-type: none"> - Documented business process and system testing reports - Training attendance register
Assumptions	<ul style="list-style-type: none"> - Budget availability - Availability of business units
Disaggregation of Beneficiaries (where applicable)	N/A
Spatial Transformation (where applicable)	N/A
Calculation Type	<p>Cumulative Year-to-date</p> <p><i>In the 3rd and 4th quarters, upon appointment of a service provider to implement the BAS by the end of the 2nd quarter.</i></p>
Reporting Cycle	Quarterly
Desired Performance	<p>Higher than targeted performance is desirable:</p> <p>2 modules of the Business Automation Solution implemented:</p> <ol style="list-style-type: none"> 1. Scheme registration 2. Revenue management
Indicator Responsibility	Chief Information Officer

Indicator Title 1.5.1.	Percentage of compliance with statutory tabling and prescripts
Definition	The indicator measures the level of compliance by the Entity to key corporate governance requirements as outlined in legislation and other corporate governance guidelines/regulations (PFMA, Treasury Regulations and Guidelines)
Source of data	DHS, Human Settlements entities, Parliament and other stakeholders. Registers, compliance reports, previous annual reports, Entity performance reports, Branch performance reports, Government Priorities, MTSF, interim and annual financial statements, systems-generated financial reports, Parliament, Cabinet and management structures.
Method of Calculation / Assessment	Number of statutory tabling and prescripts milestones successfully achieved for the quarter / Total number of statutory tabling and prescripts milestones planned for the quarter x 100
Means of verification	<p>Q1: 100% compliance Q1: 2020/21 4th quarter performance report submitted to DHS and National Treasury</p> <p>Q2: 100% compliance Q2: 2021/22 1st quarter performance and 2020/21 Annual Report submitted to DHS and National Treasury</p>

	<p>Q3: 100% compliance Q3: 2021/22 2nd quarter performance and 1st Draft 2022/23 APP submitted to DHS and National Treasury</p> <p>Q4: 100% compliance Q4: 2021/22 3rd quarter performance and final draft 2022/23 APP submitted to DHS and National Treasury</p>
Assumptions	<ul style="list-style-type: none"> - Non-cancellation or postponement - Timeous receipt of draft replies and submissions from Programme managers - On time submissions to meet reporting timelines - Annual Performance Plans and quarterly reports are submitted on time and the information contained therein is reliable
Disaggregation of Beneficiaries (where applicable)	N/A
Spatial Transformation (where applicable)	N/A
Calculation Type	Non-cumulative
Reporting Cycle	Quarterly
Desired Performance	100% of compliance with statutory tabling and prescripts
Indicator Responsibility	Chief Financial Officer Manager Strategy, Monitoring and Evaluation

Indicator Title 1.6.1.	Number of new transactional sites established (Satellite Office)
Definition	Expanding CSOS transactional services through the establishment of regional satellite sites
Source of data	Signed agreement with the landlord and notice of set downs
Method of Calculation / Assessment	Verification: Signed agreement with the landlord and notice of set downs
Means of verification	Signed agreement with the landlord and notice of set downs
Assumptions	Finalisation of the feasibility and the identification of transaction site by DHS
Disaggregation of Beneficiaries (where applicable)	N/A

Spatial Transformation (where applicable)	Expand the geographical spread of CSOS transactional services in the regions
Calculation Type	Non-Cumulative
Reporting Cycle	Annually
Desired Performance	1 new transactional site established (Satellite Office) in 2021/22
Indicator Responsibility	Executive: Corporate Affairs

Indicator Title 1.7.1.	Percentage implementation of the approved compliance plan
Definition	Compliance Plan reflects the key laws and regulations that the CSOS needs to comply with. Implementation is measured by checking the extent to which the Entity is complying with the plan that is approved by the Board.
Source of data	Exco and Audit and Risk Committee (ARC) - approved annual Compliance Plan, reflecting quarterly compliance checks and mitigation activities and milestones. Quarterly updated Compliance Plan submitted to Exco and ARC Supporting evidence for mitigation activities undertaken based on data collected from CSOS divisions.
Method of Calculation / Assessment	Total number of compliance plan activities implemented year-to-date / total number of planned compliance plan activities for the year x 100
Means of verification	Compliance plan, status report to ARC
Assumptions	Complete, accurate, timeous compliance information and cooperation from internal stakeholders
Disaggregation of Beneficiaries (where applicable)	N/A
Spatial Transformation (where applicable)	N/A
Calculation Type	Cumulative Year-to-Date
Reporting Cycle	Quarterly
Desired Performance	100% implementation of the approved Compliance Plan

Indicator Responsibility	Manager: Risk Management
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Indicator Title 2.1.1	Rand value of CSOS levy collected
Definition	The CSOS Act provides that every community scheme must pay the service levy with effect from the commencement date of the Act. The commencement date of the Act was January 2017. Currently there are schemes that have not registered with the CSOS. This indicator will measure the total collected levies paid by schemes
Source of data	Sage revolution system, financial statements, bank statements, levy schedule and proof of payment
Method of Calculation / Assessment	Simple count: Amount of levies collected for the quarter. Annual target is measured as the aggregation of quarterly achievements
Means of verification	Trial balance and receivables ledger
Assumptions	Completeness of revenue – CSOS is able to register all community schemes and they are paying the CSOS levy
Disaggregation of Beneficiaries (where applicable)	N/A
Spatial Transformation (where applicable)	N/A
Calculation Type	Cumulative Year-end
Reporting Cycle	Quarterly
Desired Performance	Higher than targeted performance is desirable: R239 398 000 levy collected for the year
Indicator Responsibility	Chief Financial Officer

Indicator Title 5.1.1.	Percentage procurement spend to majority black-owned service providers (>50% black)
Definition	The total Rand value of payments made to service providers that are majority black-owned (>50% black as defined by the B-BBEE codes), as a percentage of the total payments made to all service providers regardless of

	B-BBEE status excluding payments made to government departments, entities and State Owned Entities.
Source of data	Consolidated and validated quarterly payment records generated by the finance division, using data from the Supply Chain Management System.
Method of Calculation / Assessment	Sum of the Rand value of all payments made to service providers that are >50% black-owned divided by the total Rand value of payments made to all service providers (regardless of B-BBEE status) excluding payments made to government departments, entities and State Owned Entities over the same cumulative (year-to-date) period x 100
Means of verification	<ul style="list-style-type: none"> - SCM procurement report - Verify the supporting data of the reported results, including the existence and validity of B-BBEE certificates - Payments report - General Ledger
Assumptions	Majority black-owned service providers will respond to advertised RFQ and tenders
Disaggregation of Beneficiaries (where applicable)	N/A
Spatial Transformation (where applicable)	N/A
Calculation Type	Cumulative Year-to-Date
Reporting Cycle	Quarterly
Desired Performance	Higher than targeted performance is desirable: 70% procurement spend to majority black-owned service providers (>50% black-owned)
Indicator Responsibility	CFO

2. PROGRAMME 2: REGULATION

Indicator Title 2.2.1.	Percentage registration of community schemes that have submitted scheme registration documents
Definition	<p>The CSOS is mandated to keep records of all community schemes documentation by a process of registration within South Africa</p> <p>The registration process entails the capturing of the particulars of the community scheme on the CSOS registration database, and the issuing of a unique registration number for each scheme</p>

	<p>The community schemes that are registered are:</p> <ul style="list-style-type: none"> - Sectional titles schemes - Homeowners associations - Share block companies - Housing co-operatives - Housing schemes for retired persons <p>The indicator measures the efficiency of the CSOS in ensuring that all schemes that have submitted their registration documents are registered.</p>
Source of data	Registration forms (CSOS CS1 form) submitted by community schemes to the CSOS
Method of Calculation / Assessment	Number of community schemes registered divided by the total number of community schemes that have submitted their registration documents over the same cumulative (year-to-date) period x100
Means of verification	<ul style="list-style-type: none"> - CSOS Registration Database - CSOS CS1 Forms
Assumptions	<ul style="list-style-type: none"> - Procurement and deployment of Information System to replace Excel database - Education and awareness campaigns will encourage schemes to register
Disaggregation of Beneficiaries (where applicable)	N/A
Spatial Transformation (where applicable)	N/A
Calculation Type	Cumulative Year-to-Date
Reporting Cycle	Quarterly
Desired Performance	100% registration of community schemes that have submitted scheme registration documents
Indicator Responsibility	Executive: Governance, Compliance and Enforcement

Indicator Title 2.3.1	Database of schemes governance documents established
Definition	<ul style="list-style-type: none"> - Database of schemes governance documents established and maintained by ensuring that all the new approved schemes governance documentation is uploaded on the database. - <i>The focus for the 2021/22 financial year will be the finalisation of the implementation protocol that will inform how the repository of schemes</i>

	<p>governance documentation will be taken over from Deeds Office and the design of records management system.</p> <ul style="list-style-type: none"> - In the 2022/23 the Database of schemes governance documents will be established and maintained by ensuring that all the new approved schemes governance documentation is uploaded on the database.
Source of data	Database of schemes governance documentation, consolidated from the governance documentation taken over from the Deeds Office
Method of Calculation / Assessment	Verification: Verification: Record Management system designed, and implementation protocol finalised
Means of verification	Record Management system and implementation protocol
Assumptions	<ul style="list-style-type: none"> - Procurement of the Record Management System (appointment of service provider) - Agreement with the Deeds Office
Disaggregation of Beneficiaries (where applicable)	N/A
Spatial Transformation (where applicable)	N/A
Calculation Type	Cumulative Year-end
Reporting Cycle	Quarterly
Desired Performance	Record Management system designed, and implementation protocol finalised in the 2021/22 financial year in preparation for the documents takeover from 2022/23
Indicator Responsibility	Executive: Governance, Compliance and Enforcement

Indicator Title 2.3.2	Percentage of quality assured schemes governance documentation
Definition	<p>In terms of Section 4 of the CSOS Act, the CSOS must quality assure schemes governance documentation for sectional titles and other schemes as prescribed by the minister</p> <p>The process of quality assurance requires the CSOS to scrutinise the governance documentation of the schemes to ensure compliance to Constitution of the RSA, CSOS Act, STSM Act and other legislation as set out on all prescribes legislations (Acts, Regulation and Practice Directives)</p> <p>Schemes governance documentation means any rules, regulations, articles, constitution, terms, conditions and other provisions that control the</p>

	administration or occupation of private areas and common areas in the community schemes (Section 1 of the CSOS Act)
Source of data	Schemes governance documentation submitted by the community schemes to the CSOS (CSOS Form B)
Method of Calculation / Assessment	Total number of schemes governance documentation that has been quality assured year-to-date divided by the total number of schemes governance documentation received year-to-date X 100 (quantitative)
Means of verification	Scheme Governance Database for quality assured schemes governance documents and submitted community scheme governance documentation Email to inform scheme that scheme documents have been quality assured
Assumptions	Procurement and deployment of Information System to replace Excel database, and education and awareness campaigns will encourage schemes to register
Disaggregation of Beneficiaries (where applicable)	N/A
Spatial Transformation (where applicable)	N/A
Calculation Type	Cumulative Year-to-Date
Reporting Cycle	Quarterly
Desired Performance	Higher than targeted performance is desirable: 80% quality assured schemes governance documentation
Indicator Responsibility	Executive: Governance, Compliance and Enforcement

Indicator Title 2.3.3	Percentage of compliance certificates issued on all amended scheme documents
Definition	<p>Community schemes (body corporates) must submit their governance documentation to the CSOS for quality assurance</p> <p>The process of quality assurance requires the CSOS to scrutinise the governance documentation of the schemes to ensure compliance to Constitution of the RSA, CSOS Act, STSMA and other legislation as set out on all prescribes legislations (Acts, Regulation and Practice Directives)</p> <p>Schemes governance documentation means any rules, regulations, articles, constitution, terms, conditions and other provisions that control the administration or occupation of private areas and common areas in the community schemes. (Section 1 of the CSOS Act)</p> <p>Following the process of quality assurance, community schemes are afforded the opportunity to comply with CSOS recommendations and the</p>

	<p>rectified governance documentation is resubmitted to the CSOS for verification</p> <p>Once the verification process is complete and the governance documentation is compliant, a certificate is issued to the community scheme approving the schemes governance documentation</p>
Source of data	Schemes governance documentation submitted by the community schemes and conveyancer and schemes governance documentation database and certificates issued
Method of Calculation / Assessment	Number of certificates issued year-to-date divided by the total number of schemes governance documentation approved year-to-date X 100 (quantitative)
Means of verification	<ul style="list-style-type: none"> - Schemes Governance Documentation Database and certificates issued - Emails sent to relevant schemes confirming the draft certificate
Assumptions	<ul style="list-style-type: none"> - Procurement and deployment of Information System to replace Excel database - Education and awareness campaigns will encourage schemes to register
Disaggregation of Beneficiaries (where applicable)	N/A
Spatial Transformation (where applicable)	N/A
Calculation Type	Cumulative Year-to-Date
Reporting Cycle	Quarterly
Desired Performance	100% of compliance certificates issued on all amended scheme documents
Indicator Responsibility	Executive: Governance, Compliance and Enforcement

Indicator Title 3.1.1	Percentage of disputes conciliated within 90 days
Definition	<p>As mandated by the CSOS Act (Section 47), the CSOS must provide an alternate dispute resolution service for community schemes. The primary means of resolution of disputes are via a conciliation process or alternatively an adjudication process.</p> <p>Conciliated entails referred matters that were concluded as follows, in an agreement between the parties, withdrawal, rejection and settled by parties at the conciliation stage and referral to adjudication.</p> <p>Conciliating all disputes within 90 days is not practical to achieve. 85% is a reasonable stretch target that the CSOS will strive to achieve on an</p>

	annual basis, and, as the CSOS accumulates rolled over matters, priority is given to ensure good customer service and quality resolutions (conciliation agreements).
Source of data	CSADR file is submitted to the conciliator for the conciliation process to commence, CSADR file, attendance registers and/or recorded virtual session for conciliation and database
Method of Calculation / Assessment	<ul style="list-style-type: none"> - Number of disputes conciliated year-to-date divided by the number of disputes referred to conciliation year-to-date X 100 (quantitative) - The conciliation process be coordinated within the timeframes stipulated on the dispute resolution process flow
Means of verification	<ul style="list-style-type: none"> - Dispute Resolution Database - Conciliation agreement, withdrawal letter, rejection letter and correspondence settled by parties
Assumptions	<p>Procurement and deployment of Information System to replace Excel database</p> <p>Appointment of additional personnel and availability of hearing rooms</p>
Disaggregation of Beneficiaries (where applicable)	N/A
Spatial Transformation (where applicable)	N/A
Calculation Type	Cumulative Year-to-Date
Reporting Cycle	Quarterly
Desired Performance	Higher than targeted performance is desirable: 85% of disputes conciliated within 90 days
Indicator Responsibility	<p>Adjudicator General</p> <p>Provincial Ombud GP</p> <p>Provincial Ombud KZN</p> <p>Provincial Ombud WC</p>

Indicator Title 3.1.2	Percentage of disputes adjudicated within 90 days
Definition	<p>As mandated by the CSOS Act (Section 48), the CSOS must provide an alternate dispute resolution service for community schemes</p> <p>The primary means of resolution of disputes are via a conciliation process or alternatively adjudication process</p> <p>Adjudication process entails issuing of an order by an adjudicator.</p>

	The process is multi-faceted and entails hearings, investigations, witnesses, inspections, postponements of hearings and accordingly, there is always a roll over to the next month, to the next quarter and to the next financial year. Adjudicating all disputes within 90 days is not practical to achieve. 85% is a reasonable stretch target that the CSOS will strive to achieve on an annual basis, and, as the CSOS accumulates rolled over matters, priority is given to ensure good customer service and quality resolutions (adjudication orders).
Source of data	CSADR file is submitted to the adjudicator for the adjudication process to commence, attendance registers and/or recorded virtual session for adjudication, CSADR file
Method of Calculation / Assessment	<ul style="list-style-type: none"> - Number of disputes adjudicated year-to-date divided by the number of disputes referred to adjudication year-to-date X 100 (quantitative) - The adjudication process be coordinated within 90 days as per timeframes stipulated on the dispute resolution process flow
Means of verification	<ul style="list-style-type: none"> - Dispute Resolution Database - Adjudication orders
Assumptions	<ul style="list-style-type: none"> - Procurement and deployment of Information System to replace Excel database - Appointment of additional personnel and availability of hearing rooms
Disaggregation of Beneficiaries (where applicable)	N/A
Spatial Transformation (where applicable)	N/A
Calculation Type	Cumulative Year-to-Date
Reporting Cycle	Quarterly
Desired Performance	Higher than targeted performance is desirable: 85% of disputes adjudicated within 90 days
Indicator Responsibility	Provincial Ombud GP Provincial Ombud KZN Provincial Ombud WC

3. PROGRAMME 3: EDUCATION AND TRAINING

Indicator Title 4.1.1.	Number of training and educations sessions conducted for schemes executives and owners
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Definition	The CSOS is required to train stakeholders as part of ensuring optimal communal living. These stakeholders include schemes executives, owners and occupiers
Source of data	Training plan, training invite, reports and attendance registers and/or recorded virtual session
Method of Calculation / Assessment	Simple count: The number of training and education sessions conducted for schemes executives and occupiers per quarter Annual performance is the aggregation of quarterly achievements
Means of verification	Quarterly unit report with training statistics and recorded virtual training sessions Attendance register (face-to-face training sessions)
Assumptions	Schemes executives and occupiers available for training
Disaggregation of Beneficiaries (where applicable)	N/A
Spatial Transformation (where applicable)	N/A
Calculation Type	Cumulative Year-end
Reporting Cycle	Quarterly
Desired Performance	20 training and education sessions conducted for schemes executives and owners
Indicator Responsibility	Governance, Compliance and Enforcement Business Unit

Indicator Title 4.1.2	Number of training sessions conducted for adjudicators and conciliators
Definition	The CSOS is required to train internal conciliators and adjudicators
Source of data	Training plan, training invite, reports and attendance registers and/or recorded virtual session
Method of Calculation / Assessment	Simple count: The number of training sessions conducted for adjudicators and conciliators per quarter Annual performance is the aggregation of quarterly achievements.
Means of verification	Quarterly unit report with training statistics and recorded virtual training sessions Attendance register (face-to-face training sessions)
Assumptions	Adjudicators and conciliators available for training

Disaggregation of Beneficiaries (where applicable)	N/A
Spatial Transformation (where applicable)	N/A
Calculation Type	Cumulative Year-end
Reporting Cycle	Quarterly
Desired Performance	8 training sessions conducted for adjudicators and conciliators
Indicator Responsibility	Adjudicator Generals Office

Indicator Title 4.2.1.	Number of stakeholder information sessions conducted
Definition	The CSOS is required to educate the public about the opportunity of living in community schemes, the rights and responsibilities of shared communal living and the functions and role that the CSOS plays in harmonising that Human Settlements Sector
Source of data	Invites, reports and attendance registers and/or recorded virtual session
Method of Calculation / Assessment	Simple count: The number of stakeholder information sessions conducted per quarter Annual performance is the aggregation of quarterly achievements.
Means of verification	Quarterly Unit Report highlighting stakeholder information sessions and recorded virtual sessions Attendance register (face-to-face stakeholder information sessions)
Assumptions	None
Disaggregation of Beneficiaries (where applicable)	N/A
Spatial Transformation (where applicable)	N/A
Calculation Type	Cumulative year-end
Reporting Cycle	Quarterly
Desired Performance	12 Stakeholder information sessions conducted
Indicator Responsibility	Governance, Compliance and Enforcement Business Unit

Indicator Title 4.3.1.	Percentage implementation of Marketing and Communications Plan
Definition	<p>Percentage implementation of the quarterly planned milestones of the Marketing and Communications Plan, cumulated to year-end</p> <p>Milestones refer to planned activities and marketing campaigns to support the approved Marketing and Communications Strategy.</p> <p>The focus is towards the tenants, body corporates and owners, as well as to build the brand awareness and visibility of the CSOS.</p>
Source of data	<ul style="list-style-type: none"> - Marketing and Communication Plan, reflecting the quarterly planned milestones/activities/campaigns - Actual milestones (activities and campaigns) completed - Approved Exco Report
Method of Calculation / Assessment	Actual number of milestones completed year-to-date divided by the planned number of milestones year-to-date as reflected in the Marketing and Communications Plan X 100.
Means of verification	<p>Marketing and Communication Plan</p> <p>Communication and marketing monitoring report</p>
Assumptions	None
Disaggregation of Beneficiaries (where applicable)	N/A
Spatial Transformation (where applicable)	N/A
Calculation Type	Cumulative Year-to-Date
Reporting Cycle	Quarterly
Desired Performance	100% implementation of Marketing and Communications Plan
Indicator Responsibility	Marketing and Communications Manager

Indicator Title 5.2.1	Number of previously disadvantaged individuals trained as Executive Managing Agents
Definition	The number of previously disadvantaged individuals Executive Managing Agents trained on the CSOS Act and sectional title, governance documents and dispute management
Source of data	Training requests, training manual, attendance registers and reports training invites
Method of Calculation / Assessment	<p>Simple count: The number of previously disadvantaged individuals Executive Managing Agents trained in the quarter</p> <p>Annual performance is the aggregation of quarterly achievements.</p>

Means of verification	Quarterly Unit report with training statistics and recorded virtual training sessions Attendance register (face-to-face training sessions)
Assumptions	Previously disadvantaged individuals managing agents' database available and their need to be trained
Disaggregation of Beneficiaries (where applicable)	Previously disadvantaged individuals managing agents
Spatial Transformation (where applicable)	N/A
Calculation Type	Cumulative Year-end
Reporting Cycle	Bi-Annual
Desired Performance	Higher than targeted performance is desirable: 20 previously disadvantaged individuals Executive Managing Agents trained
Indicator Responsibility	Executive: Governance, Compliance and Enforcement

Indicator Title 5.2.2.	Percentage of community schemes' requests for Executive Managing Agents awarded to previously disadvantaged individuals
Definition	The indicator measures the percentage of appointments that are to previously disadvantaged individuals in response to requests received from community schemes for the placement of suitable Executive Managing Agents (EMAs). Suitable refers to individuals that are trained and developed in the role of EMA.
Source of data	<ul style="list-style-type: none"> - Requests received from community schemes for suitable individuals appointed as Executive Managing Agents - Recruitment adverts placed - The database of EM Agents and those that have been placed
Method of Calculation / Assessment	Number of Executive Managing Agent placements awarded to previously disadvantaged individuals divided by the total number of requests for suitable individuals received from schemes for the financial year X 100
Means of verification	Quarterly unit report with training statistics and attendance registers and/or recorded virtual session
Assumptions	Previously Disadvantaged Individuals Managing Agents' Database available and their need to be trained
Disaggregation of Beneficiaries (where applicable)	Previously disadvantaged individuals Executive Managing Agents

Spatial Transformation (where applicable)	N/A
Calculation Type	Non-Cumulative
Reporting Cycle	Annual
Desired Performance	Higher than targeted performance is desirable: 80% of community schemes' requests for Executive Managing Agents awarded to previously disadvantaged individuals
Indicator Responsibility	Executive: Governance, Compliance and Enforcement

ANNEXURES TO THE ANNUAL PERFORMANCE PLAN

ANNEXURE A: AMENDMENTS TO THE STRATEGIC PLAN

The 2020-2025 Strategic Plan has been revised in the 2021/22 planning cycle and is available as a separate document to which this APP for 2021/22 aligns.

ANNEXURE B: CONDITIONAL GRANTS

Not applicable to the Community Schemes Ombud Service.

ANNEXURE C: DISTRICT DEVELOPMENT MODEL

Not applicable to the Community Schemes Ombud Service.

ANNEXURE D: MATERIALITY FRAMEWORK

In terms of Treasury Regulation 30.1.3, it is hereby stated that the Community Schemes Ombud Service has a Materiality Framework in place, as follows:

Acronyms	Description
Accounting Authority	Board.
AFS	Annual Financial Statements.
CSOS	Community Schemes Ombud Services established in terms of the CSOS Act.
CSOS Act	Community Schemes Ombud Services. 2011 (Act No.9 of 2011).
DoA	Delegation of Authority.
Materiality and Significant	Information is material and significant if its omission, misstatement, or non-disclosure could, individually or collectively, influence the decisions or assessments of users made based on the financial statements.
PFMA	Public Finance Management Act, 1999 (Act No.1 of 1999) as amended by Act No.29 of 1999 also known as the "Act".
QMS	Quality Management Systems.
SAAS	South African Auditing Standards.
TR	Treasury Regulations.

Acronyms	Description
Users	Refers to Executive and Accounting Authority, External Auditor, National Treasury or Department of Human Settlements.

TABLE OF CONTENTS

- 1. BACKGROUND**
- 2. LEGAL FRAMEWORK**
- 3. MATERIALITY AND SIGNIFICANCE APPROACH**
 - a. MATERIALITY AND SIGNIFICANCE FRAMEWORK
 - b. OBJECTIVE
 - c. PURPOSE AND SCOPE
 - d. POLICY STATEMENT
 - e. MATERIALITY AND SIGNIFICANCE
 - f. QUANTITATIVE MATERIALITY
 - g. QUALITATIVE MATERIALITY
- 4. STATUTORY APPLICATIONS**
 - 4.1. SECTION 50(1) OF THE PFMA
 - 4.2. SECTION 55(1)(d) AND (2)(b) OF THE PFMA
 - 4.3. SECTION 54(2) OF THE PFMA
- 5. GOVERNANCE AND COMPLIANCE FRAMEWORK**
 - 5.1. SECTION 55(2) OF THE PFMA
 - 5.2. SECTION 54(3) OF THE PFMA
 - 5.3. SECTION 66(1) OF THE PFMA
- 6. REVIEW AND CONTINUAL IMPROVEMENT**
- 7. EFFECTIVE DATE**

1. BACKGROUND

- 1.1. SAAS 320.03 defines materiality as follows: "Information is material if its omission or misstatement could influence the economic decisions of users taken based on the financial statements. Materiality depends on its size of the item or error judged in the circumstances of its omission or misstatement. Materiality this provides a threshold or cut off point, rather

than being a primary qualitative characteristic which information must have if it is to be useful.”

- 1.2. The framework sets out the approach to be adopted by CSOS materiality and significance of information.
- 1.3. In terms of Treasury Regulations 28.3.1. which reads: “for purposes of material (sections 55(2) of the Act) and significant (section 54(2) of the Act), the account authority must develop and agree on a framework of acceptable levels of materiality and significance with the relevant executive authority.
- 1.4. The document gives guidance to “best practice” for executive functions and provides clarity on the relevant legislation and regulations applicable to materiality and significance of information on decisions about the allocation and stewardship entity, made based on the financial statements.

2. LEGAL FRAMEWORK

Legislation	Applicable Section (S)
Community Schemes Ombud Services. 2011 (Act No.9 of 2011).	Section 22
Public Finance Management Act, 1999 (Act No.1 of 1999) as amended by Act No.29 of 1999 also known as the “Act”.	Sections 50(1), 54(2), 55(1)(d), 55(2) and 66(1)
South African Auditing Standards	SAAS 320.03
Treasury Regulations	TR 28.3.1 and 28.3.5

3. MATERIALITY AND SIGNIFICANCE

3.1. MATERIALITY AND SIGNIFICANCE FRAMEWORK INTRODUCTION

1. The materiality and significance framework is a component of the CSOS financial and risk processes.
2. Determining what is material and what is not primarily a matter of professional judgement.
3. Materiality is the threshold above which missing or incorrect information in financial statements is considered to have an impact on the decision making of users. It therefore relates to the significance of transactions, balances and errors contained in the financial statements.
4. Materiality defines the threshold or cut-off point after which financial information becomes relevant to the decision – making needs of users.
5. The process by which CSOS’s financial statements are audited by external auditors can be described as a risk-based, systematic approach in which the nature, extent and timing of the audit evidence required, are determined by assessing and evaluating the risk that the financial statement assertions are materially misstated.

6. Information contained in the financial statements must therefore be complete in all material respects for them to present a true and fair view of the financial affairs of the CSOS.

3.2. OBJECTIVE

The Materiality and Significance framework is issued to assist and guide management in determining the size and nature of items, which would significantly impact on decisions made by the users of its financial statements.

3.3. PURPOSE AND SCOPE

3.3.1. The purpose of the framework is to:

- a. Provide information to enhance user's assessment of proper stewardship i.e., accountability for the use of public funds and the safekeeping of the entity's resources.
- b. Continuously determine the level of quantitative risks that the CSOS is prepared to tolerate.

3.3.2. The CSOS is established in accordance with the provisions of the Community Schemes Ombud Service Act 9 of 2011.

3.3.3. CSOS, as a schedule 3A public entity in terms of the PFMA, is currently funded by the Government. The regulation of financial management thereof is to ensure that all revenues, expenditures, assets are liabilities and managed efficiently and effectively by complying with the Public Financial Management Act (Act No.1 of 1999 as amended).

3.3.4. Treasury regulation 28.3.1. of the Public Financial Management Act 1999, (the Act) defines Materiality and Significance framework as follows: "For the purpose of material (section 55(2) of the PFMA) and significant (section 54(2) of PFMA), the accounting authority must develop and agree a framework of acceptable levels of materiality and significance with the relevant executive authority in consultation with the external auditors."

3.4. POLICY STATEMENT

Materiality refers to levels of tolerance by CSOS regarding the omission or inclusive of the quantitative and non-quantitative information. The framework of materiality provides a mechanism of enhancing the internal controls by providing a continuously changing and controllable guide to organisational functions in making appropriate judgement of the tolerable error.

3.5. MATERIALITY AND SIGNIFICANCE

- 3.5.1. There are many instances where legislation refers to material amounts, or material differences and the same terminology is found in the format of the financial statements and in this guide.
- 3.5.2. Information is material and significant if its omission or misstatement could influence the economic decisions of users taken based on financial statements.

- 3.5.3. Materiality depends on the size of the item or error judged in the circumstances of its omission or misstatement. Materiality thus provides a threshold or cut-off point rather than being a primary qualitative characteristic which information must have if it is to be useful.
- 3.5.4. The materiality as determined by the auditors will differ from that determined by CSOS.
- 3.5.5. There is no single rule to describe what material is and what is not material in all instances. All cases of theft, fraud or corruption must be regarded as being material regardless of then amount involved.
- 3.5.6. Materiality can be based on several financial indicators. Detailed below is an indicative table of financial indicators of the type that is widely used and accepted in the accounting profession as a basis for calculating materiality:

Basis	Acceptable Percentage Range
Gross Revenue	0.5%
Net Surplus	2.0% - 5%
Equity	2% - 5%
Total Assets	0.5% - 2%

- 3.5.7. CSOS will use 0.5% of gross revenue to determine materiality. In determining the materiality value as 0.5%, the following factors have been considered:
 - a. Nature of CSOS’s business – CSOS has become fully operational after the approval of the Regulations and the proclamation of the Act in 2016/2017 period. CSOS has not begun to collect levy income from the community schemes. Throughout the financial years 2013/14 to date, CSOS has been funded by the Department of Human Settlements in the form of a grant allocation. It is expected that CSOS will be able to partly fund itself from 2017/18 onwards through the revenue to be derived from the collection of levies in the terms of Section 22 of the CSOS Act. The levy income will be used for operational requirements and cost recovery.
 - b. Statutory requirements laid down on CSOS-CSOS is a statutory entity established in terms of the Community Schemes Ombud Services, 2001 (Act No.9 of 2011) and is a Schedule 3A entity in terms of the PFMA. Its legislative mandate is to provide a dispute resolution service and promote good governance of and within community schemes. By virtue of being closely governed by various acts and the public accountability and responsibility to stakeholders, preference to a lower level of materiality i.e., closer to the lower level of the acceptable percentage range has been decided.
 - c. The control and inherent risks associated with CSOS – In assessing the control risk of the CSOS and concluding that a materiality level higher than 0.25% can be used due to good control environment being present. Cognisance was given to amongst others:
 - i. Proper and appropriate governance structures have been established.

- ii. An audit and risk committee and internal audit unit that closely monitor the control environment of CSOS has been established.
- iii. An approved three-year internal audit plan based on annual risk assessments being performed, is annually reviewed, and agreed by the audit committee.

3.6. QUANTITATIVE MATERIALITY

- 3.6.1. The CSOS is governed by and approved DoA which deals with different levels of authorisation and approvals for functional and executive management.
- 3.6.2. On an annual basis, the financial statements are subject to statutory audit. The external auditors set materiality levels in the planning phase of the external annual audit. The basis of materiality, set by the external auditors, is presently based on total revenue.
- 3.6.3. CSOS materiality levels have been determined on the materiality definition. The levels of material loss in each category of the financial statement areas for the CSOS are defined as follows:

Classification	Materiality level	Consideration
Administration (R54 899m)	0.5%	R274 495
Grants (R30m)	0.5%	R150 000
Projects (0)	0.5%	R0
Assets (R20 234m)	0.5%	R101 170

- 3.6.4. The materiality levels are reviewed annually to determine the quantitative level to be applied to variances on management accounts in conjunction with the authorised Delegation of Authority limits.

3.7. QUALITATIVE MATERIALITY

- 3.7.1. Materiality is not merely related to the size of the entity and the elements of its financial statements. Misstatements that are large either individually or in aggregate may affect a “reasonable” user’s judgement on the financial statements.
- 3.7.2. Misstatements may also be material on qualitative grounds. The qualitative grounds include, amongst others:
 - a. New ventures that CSOS has entered.
 - b. Unusual transactions entered that are not disclosable purely due to the nature and knowledge thereof affecting the decision making of the user of financial statements.
 - c. Transactions entered that could result into reputational risk to CSOS.
 - d. Any fraudulent or dishonest behaviour of an officer of CSOS
 - e. An infringement of CSOS's agreed QMS performance levels.

- f. Procedures/processes required by legislation on regulation (e.g., PFMA, TR, CSOS Act, etc.)

4. STATUTORY APPLICATIONS

4.1. Section 50(1) of the PFMA - Fiduciary Duty of the Accounting Authority

Requirements	Framework
<p>The accounting authority for a public entity must –</p> <p>(a) exercise the duty of outmost care to ensure reasonable protection of assets and record of the public entity.</p>	<p>The CSOS has implemented the following controls:</p> <ul style="list-style-type: none"> i. Asset Management Policy and Register ii. Retention of all records for a period of 5 years iii. Delegation of Authority Matrix iv. Financial policies and procedures v. Procurement Policy and procedures vi. Human Capital policy and procedures vii. Establishment of Internal audit unit and Audit Committee
<p>(b) act with fidelity, honesty, integrity and in the best interests of the public entity in managing the financial affairs of the public entity.</p>	<p>The CSOS has implemented the following controls:</p> <ul style="list-style-type: none"> i. Code of Conduct ii. Disciplinary Code and Procedures iii. Recruitment procedures to ensure recruitment of appropriate officials iv. Confidentiality and Non-Disclosure Agreement with key personnel v. Human capital policies and procedures vi. The Board has established the following 4 committees to ensure effective corporate governance: <ul style="list-style-type: none"> ▪ Remuneration and Human Resources Committee (REMCO) ▪ Audit, Risk and Ethics (ARECOM) ▪ Finance Committee (FINCOMM) ▪ Legislation, Regulations, and Adjudication Committee (ALR)
<p>(c) on request, disclosure to the executive authority responsible for that public entity or legislature to which the public entity is accountable, all material facts, including those reasonable discoverable, which in any way may influence the decisions or actions of the executive authority or that legislature</p>	<p>The CSOS considers “material” to be all matters which are within the public interest. Such material matters which will be reported include:</p> <ul style="list-style-type: none"> i. Material changes in the nature of the business ii. Material changes in the strategic direction of CSOS iii. Changes that materially affect the mandate of the CSOS in terms of the CSOS Act iv. All litigation matters as prescribed in the CSOS Act
<p>(d) seek, within the sphere of influence of that accounting authority, to prevent any prejudice</p>	<p>The CSOS complies with all legislative requirements:</p> <ul style="list-style-type: none"> i. PFMA ii. TR iii. CSOS Act

Requirements	Framework
to the financial interests of the state	iv. Approved DoA

4.2. Sections 55 (1)(d) and (2)(b) of the PFMA: Annual Report and Financial Statements: The accounting authority for a public entity –

Section 55(1)(d)	<p>must submit within five months of the end of a financial year to the relevant treasury, to the executive authority responsible for that public entity and, if the auditor – general did not perform the audit of the financial statements, to the Auditor General</p> <ol style="list-style-type: none"> i. an annual report on the activities of that public entity during that financial year ii. the financial statements for that financial year after the statements have been audited and iii. the report of the auditors on those statements 	<p>The annual report submitted by CSOS within five months after the end of the financial year to the executive authority includes:</p> <ol style="list-style-type: none"> i. CSOS activities ii. Audited financial statements. iii. Report of the auditors
Section 55(2)	<p>The annual report and financial statements referred to in subsection (1)(d) must -</p> <ul style="list-style-type: none"> ▪ fairly present the situation of the public entity, its business, its financial results, its performance against predetermined objectives and its financial position as the end of the financial year concerned ▪ include particulars of - ▪ any material losses through criminal conduct and any irregular expenditure and fruitless and wasteful expenditure that occurred during the financial year ▪ any criminal or disciplinary steps taken because of such losses or irregular or fruitless and wasteful expenditure ▪ any losses recovered or written off ▪ any financial assistance received from the state and commitments made by the state on its behalf ▪ any other matters that may be prescribed ▪ VI. include the financial statements of any subsidiaries. 	<p>The CSOS has implemented the following controls:</p> <ol style="list-style-type: none"> i. Specific Targets are set each year by the CSOS ii. The Board reports quarterly and annually on all material issues and ensures full disclosure on: <p>Financial information</p> <ul style="list-style-type: none"> ▪ Management accounts ▪ Variance reports (Actual, budget, prior year) ▪ Annual financial statements <p>Performance information</p> <ul style="list-style-type: none"> ▪ Collection of levies ▪ Access to scheme governance documentation ▪ Adjudication and conciliations ▪ Performance monitoring system ▪ Performance incentive system ▪ Internal audit, risk and finance functions and reporting ▪ Governance committees evaluate achievement of the targets and provide assurance

		<p>that all significant risks are adequately addressed</p> <ul style="list-style-type: none"> ▪ Risk compliance function ensures risks are identified, monitored, and managed <p>All losses relating to irregular and fruitless and wasteful expenditure are regarded as material due to the application of the nature of these losses (qualitative aspects). CSOS considers any act of theft by any employee as a dismissible offence. The CSOS has taken the position that any criminal act is to be pursued via the courts.</p> <p>All losses to be written off shall be subject to approval in terms of the DoA and all amounts written off must be approved by the Board. The CSOS will endeavour to recover any loss sustained by the entity.</p> <p>The CSOS currently receives financial assistance from the state but the state does not make commitments on behalf of CSOS. There are no other matters prescribed. Disclosure of all matters affecting the CSOS is done in terms of GRAP.</p> <p>CSOS does not have any subsidiaries.</p>
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4.3. Section 54(2) of the PFMA: Information to be submitted by accounting authorities.

<p>Section 54(2)</p>	<p>a. Before a public entity concludes any of the following transactions, the accounting authority for the public entity must promptly and in writing inform the relevant treasury of the transaction and submit relevant particulars of the transaction to its executive authority for approval of the transactions for:</p> <ul style="list-style-type: none"> (a) establishment or participation in the establishment of a company (b) participation in a significant partnership, trust, unincorporated joint venture, or similar arrangement 	<p>Specific level of significance defined per subsection.</p> <p>Any transaction to establish a company.</p> <p>Where participation exceeds 20% of voting rights.</p> <p>Any transaction to acquire or dispose of shareholding in a company.</p> <p>The cost of the asset acquired or disposed exceeds 15% of the total cost of assets.</p> <p>Any transaction where the income from or the investment in the business activity exceeds the</p>
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	<ul style="list-style-type: none"> (c) acquisition or disposal of a significant shareholding in a company (d) acquisition or disposal of a significant assets (e) commencement or cessation of a significant business activity (f) a significant change in the nature or extent of its interest in a significant partnership, trust, unincorporated joint venture or similar arrangement 	<p>amount determined in section 3.6 and section 3.7 supra.</p> <p>Where the change in the interests results in a change in the accounting treatment of the arrangement.</p>
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5. GOVERNANCE AND COMPLIANCE FRAMEWORK

5.1. Section 55(2) of the PFMA – Notification in terms of the act

- a. In terms of section 55(2) – notification in terms of the act, the board of the CSOS is required to notify the executive authority and treasury should it, in its capacity, as the Accounting Authority, not be able to confirm that.
 - i. Process to prevent and detect all fruitless and wasteful expenditure as contemplated in the Act are in place.
 - ii. Any fruitless and wasteful or irregular expenditures have been undertaken.
 - iii. The disclosures required in the annual report in terms of fruitless and wasteful or irregular expenditures have been made.
- b. The Council on an annual basis confirms that the entity's systems of internal control are designed to prevent fruitless and wasteful or irregular expenditure.
- c. Through the accountability framework of line management and through the Risk and Audit Committee process.
 - i. Internal control weaknesses identified by management: All recommendations made by the internal and the external auditors are followed up to ensure that the underlying systems are improved.
 - ii. Any criminal conduct identified is subject to the appropriate procedures and sanctions.
- d. Fruitless and wasteful expenditure

The CSOS, for the purposes of this framework, defines fruitless and wasteful expenditure as:

- i. Expenditure which was made in vain and would have been avoided had reasonable care been exercised and failed to achieve its anticipated benefits.

- ii. In determining if an amount is classified as fruitless and wasteful expenditure the CSOS reviews financial performance by:
 - Monthly monitoring of financial and investment risk and reportable to committees of the board at each quarter end
 - Reporting any amount considered being fruitless and wasteful expenditure in the notes to the monthly, quarterly, and annual financial statements.
 - Implementing internal control processes to address any amounts identified as fruitless and wasteful expenditure.

e. Irregular Expenditure

The CSOS, for the purposes of this framework, defines irregular expenditure as expenditure incurred in contravention of or that is not in accordance with any applicable legislation, including.

- i. The Public Finance Management Act
- ii. The state tender board Act (Act No. 86 of 1968), or any regulation made in terms of the Act.
- iii. Any provincial legislation providing for procurement procedures in that provincial government.

5.2. Section 54(3) of the PFMA – Information to be submitted by Accounting Authority.

The CSOS may assume that approval has been given if it receives no response from the executive authority on a submission in terms of section 54(2) within 30 days or within a longer period as may be agreed to between itself and the executive authority.

5.3. Section 66(1) of the PFMA – Restrictions on borrowing, guarantees and other commitments.

In terms of section 66(1) and institution to which the Public Finance Management Act applies may not borrow money or issue a guarantee, indemnity, or enter into any transaction that binds or may bind that institution or the Revenue Fund to any future financial commitment, unless such borrowing, guarantee, indemnity, security or other transaction:

Requirements	Acceptable Percentage Range
a. Is authorized by the Act	CSOS does not have any external borrowings
b. in the case of public entity, is also authorised by other legislation not to conflict with this Act	CSOS Act makes provision CSOS to borrow money subject to approval by the executive authority in terms of section 22 of the CSOS Act read with the PFMA

6. REVIEW AND CONTINUAL IMPROVEMENT

This framework will be reassessed and adjusted as and when required or should legislation require CSOS to do so, to ensure that it is in line with any changes, new requirements or circumstances affecting scope and objectives.

7. EFFECTIVE DATE

This framework becomes effective on the date of approval by the Board.

ANNEXURE E: LOCATION IN CORPORATE PLANS OF CSOS MTSF- CONTRIBUTING TARGETS

The CSOS will report on a quarterly, annual and mid-term basis on the following MTSF-aligned targets.

MTSF target	Strategic Plan	Annual Performance Plan	Operational Plan
Implement a borrower, homeownership (Zenzeleni, help me buy a home) and tenant education programme	Stakeholder perception rating	20 training and education sessions conducted for schemes executives and owners. 3 stakeholder information sessions conducted.	4 editions of Shared Living e-newsletters published annually.
Monitor and report on the number of persons exposed to education programmes on owning and renting a home		Quarterly reports will indicate number of persons exposed to education programmes.	
Establish a presence in transactional support sites	N/A	Regional offices will be established based on the results of feasibility studies as well as the as per the establishment of the identified transactional sites that will be conducted by the Department of Human Settlements. For the MTSF 6 new transactional site will be established (satellite office)	4 of reports compiled on the operations and maintenance of existing and newly established satellite offices
Monitor and report on transactional support programmes	N/A	-	N/A

<p>Report the total number of community schemes registered and number of schemes paying levies as per legislation</p>	<p>Percentage increase in registered community schemes over the five-year (from 25 800 to 75 800) period from</p>	<p>100% registration of Community schemes that have submitted scheme registration documents</p>	<p>75% of registered community schemes paying levies</p>
<p>Number of consumer disputes submitted to CSOS and resolved within 90 days</p>	<p>85% of disputes resolved within 90 days</p>	<p>85% of disputes conciliated within 90 days. 85% of disputes adjudicated within 90 days</p>	<p>N/A</p>