



OFFICE OF THE OMBUD FOR FINANCIAL SERVICES PROVIDERS

ANNUAL PERFORMANCE PLAN FOR THE FISCAL YEAR 01 APRIL 2018 – 31 MARCH 2019

Reviewed and Approved by EXCO in January 2018

FOREWORD

The Financial Advisory and Intermediary Services Act 37 of 2002 (FAIS Act) which establishes the Office of the Ombud for Financial Services Providers (FAIS Ombud), came into existence in 2002, with the objective of protecting the consumer against the mis-selling of financial products and misleading advice. The FAIS Ombud, therefore, plays a cardinal role in our society by providing an impartial, independent, convenient and free service to all consumers who feel they have been unfairly treated by financial services providers.

The FAIS Ombud's Credo states: "We will engage all concerned to help both consumers and financial services providers understand their respective rights and responsibilities. Our aim is to reduce the level of complaints and improve confidence in the financial services industry."

This approach has been pivotal in garnering the industry and community's trust. The FAIS Ombud must be able to discharge its responsibility without any fear and bias. Indeed, even-handedness is the guiding basis for the work of this Office.

**Malusi Gigaba
Minister of Finance**

OFFICIAL SIGN OFF

It is hereby certified that this Annual Performance Plan:

- Was developed by the executive management of the Office of the Ombud for Financial Services Providers (FAIS Ombud) under the guidance of the Board of the FSB;
- Considers all the relevant policies, legislation and other mandates for which the FAIS Ombud is responsible;
- Accurately reflects the strategic outcome oriented goals and objectives which the FAIS Ombud will endeavour to achieve over the relevant period, as reflected in the FAIS Ombud's Strategic Plan for the Fiscal years 1 April 2018 – 31 March 2023.

Jean Goodey
Finance Manager

Noluntu N Bam
FAIS Ombud

Abel Sithole
Chairman of the Board of the Financial Services Board

Malusi Gigaba
Minister of Finance

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PART A: STRATEGIC OVERVIEW

1 Introduction

The FAIS Ombud is established in terms of section 20 of the Financial Advisory and Intermediary Services Act, (Act 37 of 2002) (“FAIS Act”). The FAIS Ombud is a schedule 3A entity in terms of the Public Finance Management Act (Act 1 of 1999 as amended by Act 29 of 1999) (“PFMA”) and reports to the Board of the Financial Services Board (“the Board”) and National Treasury.

From time to time, the FAIS Ombud reports to the Minister of Finance and the Select Committee on Finance and Public Service, by invitation. The report to this committee includes reporting on its work and financial performance. The FAIS Ombud also submits its annual report to the National Assembly in terms of the PFMA.

Since the official launch of the FAIS Ombud on 23 September 2004, strong presence has been maintained through well-reasoned and consistent determinations that have positively contributed to the credibility of the financial services industry in South Africa. As a result of these determinations, the FAIS Ombud is recognised as independent and fair by both the industry and the general public.

Due to the dynamic nature of the environment that the FAIS Ombud operates within, as well as the needs and requirements of the various stakeholders, a review of the strategy is undertaken regularly to remain effective and relevant. This is a review of the original strategy that was adopted in May 2005 by the FAIS Ombud. Subsequent reviews of the strategy have taken place in January 2009, March 2010, September 2011, August 2012, August 2013, August 2014, July 2015, July 2016 and July 2017.

In this plan, the FAIS Ombud demonstrates its continued alignment in respect of its activities with the underlying principles of the National Development Plan. One of the key standing features in Government’s initiatives to transform society and the economy of South Africa is the building of a capable and developmental state. Responsibility is placed on the public sector to deliver efficient service while contributing to the development of skills of its people and the enhancement of experience and expertise.

1.1. FAIS Act

The main objective of the FAIS Ombud is to investigate and resolve complaints in terms of the FAIS Act and the Rules promulgated thereunder. A complaint could arise where, in the rendering of a financial service by a Financial Service Provider or their representative, it is alleged that the financial services provider:

- has contravened the provisions of the FAIS Act and that the complainant has or is likely to suffer financial prejudice or damage;
- has acted wilfully or negligently in rendering the financial service and has caused or is likely to cause prejudice or damage to the complainant;
- has treated the complainant unfairly.

In resolving complaints in terms of the FAIS Act and Rules, the FAIS Ombud acts independently and must be impartial. The FAIS Ombud would normally resolve the complaints through mediation or conciliation and if these methods are not successful in resolving the complaint, then the Ombud will issue a determination. The determination is binding and is enforceable like a judgment of a Court of Law. There is an appeal process for aggrieved parties.

1.2 FSOS Act

A further function of the FAIS Ombud is to resolve complaints in terms of the Financial Services Ombud Schemes Act, (Act No. 37 of 2004) (FSOS Act), which are not covered by any of the other voluntary Ombud schemes or where there is uncertainty over jurisdiction. In terms of the FSOS Act a complaint means:

“a complaint by a client relating to any agreement with, or a financial service or product of, a financial institution, and in which it is alleged that the client has suffered or is likely to suffer financial prejudice or damage as a result of the financial institution-

- (a) having contravened or failed to comply with a provision of any agreement or the law or of a code of conduct subscribed to by the financial institution;
- (b) having wilfully or negligently supplied, or failed to supply, a financial service or a product to the client;
- (c) having treated the client unreasonably or inequitably; or

(d) having mal-administered the implementation of an agreement with, or the supply of a financial service or a product to, the client;"

2 Updated Situational Analysis

2.1 Background

The financial services sector plays a crucial role in the South African economy. The savings/investment process in capitalist economies is organised around financial intermediation, thus making them a central institution of economic growth to support the National Development Plan initiatives as follows:

- Building a capable and developmental state
- Transforming society and uniting the country
- Faster and more inclusive economic growth
- Leadership and responsibility throughout society

The environment within which the FAIS Ombud operates has changed fundamentally due largely to changes in critical elements in the industry at a global level, such as:

- Downward projection of global growth, especially in emerging markets and developing economies;
- In advanced economies, a modest and uneven recovery is expected to continue. The picture for emerging market and developing economies is diverse but in many cases challenging.

The International Monetary Fund ("IMF") in their "World Economic Outlook" of April 2017 hold the view that although the global economy will experience year-on-year growth, there remains a need for measured risk taking particularly in emerging markets which are harder impacted by fluctuations in market dynamics. The South African financial sector is in a constant state of flux such that it is difficult for ordinary citizens to comprehend such factors and keep pace with economic developments and their every-day implications. The resultant effect of these changes may present a change in behaviour patterns of consumers who may opt for products that present unacceptable risk levels with potentially severe consequences.

Financial markets knowledge by its nature is specialised, but the pool of potential investors is not restricted by such principles and it therefore goes that risks of product selection and performance thereof are inherent. As such, a significant portion of the public turns to the financial services industry for advice when it comes to financial and investment decisions. It is possible that in the process of rendering services, misleading information may be given out to unsuspecting clients thus causing or having the potential to cause damage to the clients and their view of the integrity of the financial services industry.

The impact of all these market dynamics and changes is a corresponding rise in the volume and complexity of complaints received by the FAIS Ombud.

2.2 Performance environment

The following key drivers determine the direction and performance pressures of the FAIS Ombud.

These drivers are:

- The increasing demand for the services of the FAIS Ombud;
- The evolution of complex complaints, and
- The risks posed to the office by the increasing demand and complexity of complaints.

Since inception, complaints received and the demand for services continues to increase exponentially resulting in a continuous need for the increase of resources. Whilst this demand cannot be accurately forecasted, the following are linked to it:

- Industry behaviour in relation to legislation and rules;
- Changes in industry legislation;
- Increasing awareness about the FAIS Ombud; and
- Determinations that affect a prevalent industry practice.

The core risk pillars that are being managed on an ongoing basis include:

- Complaints management;
- Stakeholder management;
- Information and communications technology governance;
- Human resources management;
- Financial governance.

This plan aims to ensure that the increasing demand on the FAIS Ombud is met and that key risks that may impact achievement of strategic goals are appropriately managed and monitored to minimize the associated impact on performance and sustainability.

2.3 SWOT Analysis

A SWOT analysis was conducted to determine the key drivers of performance and those factors that should be managed to assure performance. The outcomes thereof are listed below:

2.3.1 Strengths

General

- Legislative establishment gives the FAIS Ombud its existence, power and independence;
- Determinations by the office have wider impact on the market and related business practices;
- The FAIS Ombud is seen as independent by the industry and other stakeholders as the office is not reliant on industry subscriptions for funding;
- The FAIS Ombud has well established business processes that enhance operational efficiency;
- The FAIS Ombud has strictly enforced turnaround times that drive its complaints management processes;
- The FAIS Ombud is adaptable and flexible, which builds agility in its operations and decision-making processes; and
- The FAIS Ombud is seen to be accessible to its consumer base which enables them to access justice.

People

- Effective recruitment and selection processes;
- Continuous staff training and development;
- Appropriately qualified staff with diverse skill-sets;
- Sound ethical culture;
- There is a supportive and collegiate atmosphere in the office;
- An effective performance management system is in place;
- A well-defined career path for employees is available;
- Highly productive staff committed to delivering on the Office's mandate, dedicated and passionate about what they do;
- There are clearly defined development programs in place at the office;
- The FAIS Ombud can respond to a changing legislative environment;
- There is an employee wellness programme in place for staff members;
- The FAIS Ombud has a mentorship programme in place for staff members;
- Staff members have direct access to the Ombud where required.

Infrastructure/Resources

- The office has a well-stocked library and access to other resources;
- Legislative support boosts the Office's credibility;
- Good research tools are available for all technical staff; and
- Effective disaster recovery planning.

Innovation

- The Office has adopted a cluster approach in solving complex cases;
- The Office has a complaints procedure manual which is updated annually to reflect changes in legislation and investigation practices;
- The FAIS Ombud is seen to be flexible and informal to enable efficient handling of complaints.

Marketing/ Communication

- An approved communications plan is in place;
- Willingness of staff to achieve activities in the plan and to reach out to stakeholders;
- Regular meetings/ engagements with stakeholders;
- At all contact sessions with stakeholders, staff endeavour to empower stakeholders about what the FAIS Ombud does;
- The Office is accessible to all key stakeholders;
- The graduate trainee programme is a marketing tool; and
- Determinations are public (uploaded on the website).

Operations

- There are a comprehensive set of policies in place which guide the FAIS Ombud's operations;
- A good governance framework is in place; and
- There is transparency in operations, as evidenced by the open reporting approach adopted by the Office.

Finance

- Sound financial management processes;
- Prudence in financial resource utilisation.

2.3.2 Weaknesses

General

- The service of the FAIS Ombud is currently reactive in nature as it is only able to act on complaints;
- Consumers are not clear about the kind of service the FAIS Ombud is legally able to offer due to, amongst other aspects, failure by industry to share information relating to the services of the FAIS Ombud, inadequate customer awareness, etc;
- Unpredictable and inconsistent workload can affect the turnaround times of complaints handling,

- with the possibility of harming the FAIS Ombud's reputation; and
- Inadequate role specific induction and training (case managers).

Systems/Infrastructure

- Low level utilisation of the case management system and its full features;
- Lack of adequate utilisation of research tools available;
- Outdated CRM system; and
- Little or no progress towards a paperless complaints handling system and process.

People

- High work load per person due to increase in complex complaints (ring-fenced matters);
- High staff turnover rate and resultant decrease in staff morale;
- Remuneration packages may be inadequate to attract and retain high performing technical staff due to competition with private sector;
- Misalignment of individual with public service values; and
- Reluctance to share knowledge and information due to personal agendas.

Marketing/ Communication

- The limitations of the Office in terms of consumer outreach.
- There are limitations to what the office can do by way of consumer education due to lack of funding. The mandate to educate consumers rests with the FSB, as a result there is no funding allocated to the office for this line item.

Finance

- Limited financial resources.

2.3.3 Opportunities

- There is an opportunity to publish more profound determinations that are specific and relevant to protect the consumers and enhance the integrity of financial services;
- Establish an on-line platform for internal and external knowledge sharing with other public entities, consumer base and financial industry;
- Expand the graduate trainee programme to reach out to the broader academic community – engage with Deans of faculties and other functional disciplines (HR, Finance, Supply chain, IT, etc), if necessary;
- Training of technical and non-technical staff to keep abreast of industry developments;
- Bolster knowledge management function within the FAIS Ombud;
- Continuous development of people in leadership positions;
- Mobile FAIS Ombud offices and call centre;
- Real-time updating of the CRM system; and
- Improvements to the website during website upgrade to make it more interactive.

2.3.4 Threats

- Possible legislative and regulatory amendments may affect the scope of the Office, which could be to the consumer's detriment;
- Potential interference could impact on the independence of the Office;
- The Office receives a sizeable number of complaints that are not within the mandate which places unnecessary constraints on available resources;
- The Office is not protected against forum shopping;
- Increase in outliers and complex cases over-stretch resources;
- Consumer frustration with the complaints handling process and outcome may damage the Office's reputation;
- Ongoing high mobility of young staff complement;
- Increase in backlog of cases that are not resolved for longer than 9 months;
- Growth of the entity in terms of resources and complaints versus the available funding;
- Inadequate marketing of the FAIS Ombud's role and services to stakeholders;
- Increase in frequency and complexity of cyber-crime;
- The possibility of inconsistent determinations; and
- The monetary jurisdictional limit remains fixed at R800 000, since the promulgation of the Act in 2002.

2.4 PESTEL Analysis

The PESTEL analysis was conducted based on external factors that impact the FAIS Ombud in terms of the following areas:

2.4.1 Political environment

- There is growing uncertainty regarding governance and support structures due to legislative changes. The Twin Peaks model will have an impact on the governance structures of the FAIS Ombud, and is expected to be implemented during the 2018/19 financial year. The Board of the FSB will, when the Twin Peaks model is implemented, not be the Accounting Authority of the FAIS Ombud anymore. The FSOS Council will have oversight of the FAIS Ombud.

2.4.2 Economic environment

- Price volatility based on the downgrade of the South African foreign denominated debt by rating agencies which may impact on product performance;
- Inadequate deterrents to prevent or limit the influx of unscrupulous financial services and financial service providers.

2.4.3 Social environment

- Continued high levels of unemployment, financial literacy and low economic confidence, etc has

resulted in a decrease in investment activity, which will impact on the number of complaints received. This may be offset by people being attracted to investment/investment vehicles with perceived “high” or unrealistic rates of return.

- A general reluctance, lack of knowledge and confidence by the public to invest in formal structures has resulted in a greater preference for informal investments e.g. stokvels, which remains largely excluded from formal resolution structures.

2.4.4 Technology environment

- The impact of new legislation such as POPI remains to be unravelled and fully implemented within the broader industry as well as FAIS;
- Limitation of Telecommunications infrastructure – availability of data, poor connectivity, overloaded networks and increased costs may impact on the FAIS Ombud’s ability to meet its mandate;
- Illegal access to the FAIS Ombud’s network and domain may result in unauthorized access to confidential consumer information which may have a detrimental impact on the reputation of the FAIS Ombud;
- The impact of the introduction of “robo advisors” into the industry as well as consumer base; and
- A general increase in cyber-crime and computer viruses.

2.4.5 Environmental impact

- Increase in natural disasters and events may result in an increase in consumer complaints against FSP’s in instances where consumers believed that they had benefits or cover.

2.4.6 Legislative environment

- Potential amendments to the FAIS Act may affect the way the FAIS Ombud operates;
- Uncertainty around structural changes brought about by broader regulatory changes, including Twin Peaks. The Board of the FSB will, when the Twin Peaks model is implemented, not be the Accounting Authority of the FAIS Ombud anymore. The FSOS Council will have oversight of the FAIS Ombud.
- There is an opportunity for better cooperation with other state agencies which could complement the work of the FAIS Ombud;
- Impact of legislative, regulatory and policy changes by National Treasury and DPSA e.g. Treasury Regulations (cost containment), supply chain management, ICT environment, FAIS Act.

2.5 Organisational environment

The FAIS Ombud is presided over by an Executive Officer or Accounting Officer who is also the Ombud. The FAIS Ombud reports to the Board of the Financial Services Board for financial matters in terms of the Public Finance Management Act.

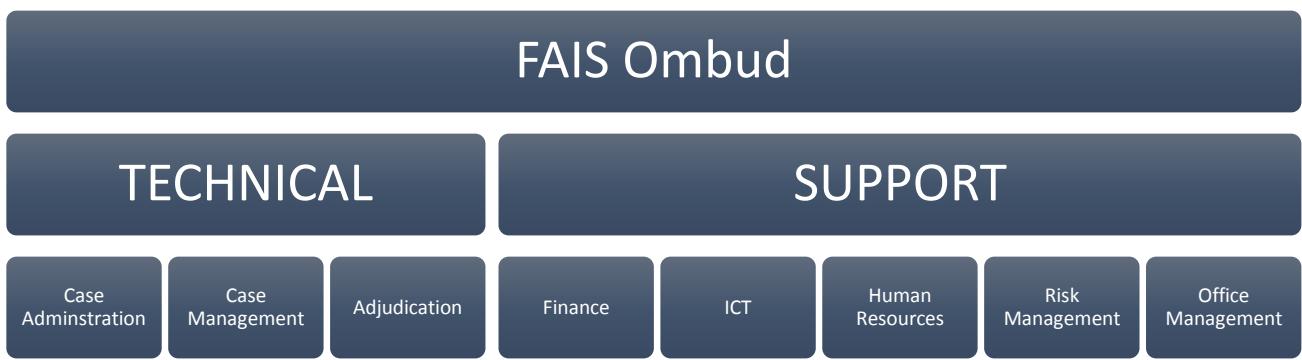
Minister of Finance

National Treasury

Board of the FSB

Office of the FAIS Ombud

2.6 Operational structure



The Act allows for one or more Deputy Ombuds to be appointed. Both the Ombud and the Deputy are appointed by the FSB Board. Other staff members are appointed by the FAIS Ombud. The FAIS Ombud is organised in two departments, namely, Support (housing the Finance, IT, HR, Risk and Office management function) and the Technical Department, housing the complaints handling function organised into Case Administration, Case Management and Adjudication.

2.7 Description of the annual performance planning process

The strategic planning and annual performance planning process commences during July and August each year and includes the following:

- An internal review that consists of revising the strength, weaknesses, opportunities and threats (SWOT) grid, whilst updating the departmental stakeholder database.
- An external review that consists of scanning the political, economic, social, technological and physical environment within which the FAIS Ombud operates.
- If there is a dramatic change in the external environment, the FAIS Ombud's mandate could change.
- Once the review is completed, the FAIS Ombud decides on its strategic focus for the next five

years.

- The tangible result from the strategy session is a draft strategic plan, outlining the strategic objectives of the FAIS Ombud with targets for each of the five years.
- The draft strategic plan, communicating what the FAIS Ombud aims to achieve over a five-year period and consequently informs the budgeting process.
- Once the mandate of the FAIS Ombud has been confirmed or revised and the key priorities determined, the FAIS Ombud determines its Annual Performance Plan for the ensuing financial year.

2.8 Legislative and Other Mandates

There have been no significant changes to the Office's legislative and other mandates described in the first paragraph of the introduction. However, as indicated in the PESTEL analysis, the FAIS Ombud will continue to study impending legislative changes to ensure that the organisation remains aligned with legislative changes and is capable of re-organising its activities in order to align with legislation whilst optimising performance.

In this plan, the FAIS Ombud demonstrates its continued alignment in respect of its activities with the underlying principles of the National Development Plan. One of the key standing features in Government's initiatives to transform the society and economy of South Africa is the building of a capable and developmental state. An onus is placed on the public sector to deliver efficient service while contributing to the development of skills of its people and the enhancement of experience and expertise.

The table below sets out the strategic risks of the office, as well as the mitigating controls:

Ref	High level definition	Source(s) of Risk	Inherent Risk	Control description	Residual risk	Initiatives or planned strategies to enhance control adequacy
FS1	Ineffective and inefficient complaints handling	Inadequate human (skills and capacity) and financial resources	20	Activity Journals	16	- Improve recruitment criteria/process - Review performance management criteria - Enforcement of performance management - Culture improvement/intervention
		Inconsistent decisions on cases		- Approved quality control policy - Determinations are accessible ("stored on the public drive and website")		<i>None proposed</i>
		Poor application (understanding and interpretation) of law		Complaints procedure manual including turnaround timeframe standards		<i>None proposed</i>
		Ineffective ICT systems (Customer Relationship Management)		ICT Strategy and plan		Review and update of systems architecture

Ref	High level definition	Source(s) of Risk	Inherent Risk	Control description	Residual risk	Initiatives or planned strategies to enhance control adequacy
		Lack of understanding of financial services industry	Red	<ul style="list-style-type: none"> - Formal adhoc technical circulars - Monthly technical department meetings - Adhoc Specialist Technical Committee meetings - Basic knowledge centre ("text books, legislation, and law reports") - Customer service register (for recording of complaints against FAIS Ombud service) 	Red	<i>None proposed</i>

Ref	High level definition	Source(s) of Risk	Inherent Risk	Control description	Residual risk	Initiatives or planned strategies to enhance control adequacy
FS2	Inefficient human resource management	Ineffective recruitment and selection	20	<ul style="list-style-type: none"> - Recruitment and selection policy - Recruitment and selection strategy - Anti-fraud framework - Probation period 	12	<ul style="list-style-type: none"> - Review recruitment and selection process to include risk indicators - Modification of instruments used to test technical competencies of candidates - Evaluations during the probation period
		Ineffective performance management		<ul style="list-style-type: none"> - Performance management plan - Management committee oversight - Case management forum oversight - Probation period 		Implement and enforce performance management remedies/ consequence management
		Actions of staff adversely affecting the employer (e.g. social media)		<ul style="list-style-type: none"> - Code of ethics - Approved and implemented value statements - Code of Conduct - FAIS Ombud Credos 		Develop and implement social media policy
		Misalignment of individual with organisational values		<ul style="list-style-type: none"> - Code of ethics - Approved and implemented value statements - Code of Conduct - FAIS Ombud Credos 		<ul style="list-style-type: none"> - Awareness on organisational values - Enforcement of compliance with organisational values
		Low staff morale/ wellness		<ul style="list-style-type: none"> - Retention and rewards strategy - Wellness programme - Climate survey - Annual staff events 		<i>None proposed</i>
		Inadequate remuneration (reward and recognition)		<ul style="list-style-type: none"> - Retention and rewards strategy - Development programmes 		<i>None proposed</i>

Ref	High level definition	Source(s) of Risk	Inherent Risk	Control description	Residual risk	Initiatives or planned strategies to enhance control adequacy
FS3	Ineffective succession management	Lack of a formal succession planning	9	Career path framework	6	<i>None proposed</i>
FS4	Inadequate information and communications technology ("ICT") governance and security	Ineffective ICT planning	16	- ICT strategy - Approved code of conduct - Approved ICT security policy - Approved ICT acceptable usage policy - Active directory authentication - Makes use of usernames and password to protect controls to the system - CRM user audit trail - Backup data stored offsite	9	Review and update of systems architecture
		Inadequate ICT funding				<i>None proposed</i>
		Ineffective contingency and continuity management				<i>None proposed</i>
		Network vulnerabilities as a result of human behaviour		- Anti-virus systems - Firewall systems - Secured Wi-Fi access - Password policy - Computers lock automatically - ICT awareness		<i>None proposed</i>
		Obsolescence of ICT hardware and software		- MOU with Financial Services Board - Remote wipe facility (for cell phones and tablets) - Hardware encryption (Laptops)		<i>None proposed</i>
		Ineffective ICT security policies and practices				Implementation of network vulnerability assessment findings
FS5	Fraud, corruption and unethical behaviour	Greed, Dishonesty	15	- Ethics training is conducted in the monthly staff meetings - Approved fraud prevention plan and whistle-blower policy - Fraud hotline with monthly reports from fraud hotline service provider - Induction programme addressing fraud topics - Appropriate vetting of employees (civil, criminal and academic checks, as well as fingerprint testing) - Fraud and ethics topics are standing items at the Risk and Compliance Sub-committee meetings	6	<i>None proposed</i>

Ref	High level definition	Source(s) of Risk	Inherent Risk	Control description	Residual risk	Initiatives or planned strategies to enhance control adequacy
FS6	Ineffective resource utilisation	Ineffective conflict of interest management process	16	- Annual disclosure of interest form - Segregation of duties - Disciplinary processes for transgressors - Reporting on cases of fraud to Accounting Authority	9	<i>None proposed</i>
		Misalignment of individual and organisational values		- Code of ethics - Approved and implemented value statements - Code of Conduct - FAIS Ombud Credos		- Awareness on organisational values - Enforcement of compliance with organisational values
		Deliberate undermining of the FAIS Ombud.		- Segregation of duties - Disciplinary processes for transgressors		<i>None proposed</i>
		Inadequate information/ IT security		IT security policy and related controls		<i>None proposed</i>
FS6	Ineffective resource utilisation	Ineffective procurement processes	16	- Supply chain management policy - Supply chain management working group - Code of ethics	9	- Implement contract management for contracts above R200 000 - Appointment of a Supply Chain Manager
		Inadequate financial planning		Annual budgeting		Develop and monitor service provider performance matrix
		Ineffective financial monitoring, evaluating and reporting		- Monthly management accounts - Quarterly reports to Treasury and Audit Committee - Delegation of authority - Finance procedure manual		<i>None proposed</i>
		Fraud and corruption		Approved fraud prevention plan and whistle-blower policy		<i>None proposed</i>

Ref	High level definition	Source(s) of Risk	Inherent Risk	Control description	Residual risk	Initiatives or planned strategies to enhance control adequacy
FS7	Inadequate stakeholder management	Misalignment in the expectations of stakeholders	20	- Stakeholder management policy	12	- Review and update recruitment criteria/process - Review performance management criteria - Build awareness around organisational policies - Role modelling implementation in alignment with values - Soft skills training/ induction - Mentoring/Coaching
		Limited interaction with stakeholders		Stakeholder interactions with stakeholders at all levels - Ad-hoc information sharing sessions with stakeholders - Performance management plan		

Ref	High level definition	Source(s) of Risk	Inherent Risk	Control description	Residual risk	Initiatives or planned strategies to enhance control adequacy
		Inadequate financial resources	Red	- Budgeting process - Budget monitoring and reporting processes	Yellow	- Monitoring of return on training investment
		Adhoc stakeholder requests (unplanned)		- Memorandum of Understanding (MOU) with identified stakeholders to coordinate efforts - Stakeholder matrix categorised and updated on an annual basis with a communications plan		
		Uncertainty around anticipated change in governance structure ("Twin Peaks")		<i>None in place/ identified</i>		
		Poor application (understanding and interpretation) of law (non-compliance)		Customer service register (for recording of complaints against FAIS Ombud service)		
		Misalignment between individual with organisational values		- Code of ethics - Approved and implemented value statements - Code of Conduct - FAIS Ombud Credos		

2.9 Vision

Our vision is “to be respected by stakeholders as a preferred employer, and responsive dispute resolution forum that builds trust and confidence in the financial services industry through accessible and equitable justice.”

This vision statement presents an image of what success will look like for the organisation. It projects a future that is beyond the daily turmoil and distils the bigger picture. It is intended to represent a mental model of a future state of what the organisation is striving to achieve as it conducts its work.

2.10 Mission

The mission of the FAIS Ombud is “to promote consumer protection and contribute to the integrity of the financial services industry by resolving complaints in a manner that is impartial, expeditious, economic, accessible and at all times, equitable.”

2.11 Values

The values of FAIS Ombud which shall be respected and observed by the organisation, its officials and are also expected in all interactions within FAIS Ombud are signified as follows:

1. We should always demonstrate **care** for our customers, stakeholders, and staff members.
2. We should **empower** our customers, stakeholders and our staff members to sustain the impact and reach of our work.
3. We must act and conduct ourselves in a manner that is **credible** and builds credibility.
4. **Respect** is expected in all interactions within and outside the organisation.
5. We should be **accountable** for our actions and build an environment that promotes accountability.
6. We strive for **performance excellence**
7. We promote a culture of proactive **communication** driven by the desire to inform and positively impact our performance and customer experience.

2.12 Our credo

The FAIS Ombud's credo states:

We believe our first responsibility is to the Constitution of the Republic of South Africa and to the statutory mandate which created our organisation. We are completely independent and deal with all disputes fairly and impartially.

Our service is for people from all backgrounds. We will look at the facts of each complaint, not at how well the case is presented. No one should need any special expertise or professional help in order to bring their complaint to us.

We aim to give clear, sound and logical reasons for our decisions - any fair-minded person should understand why we reached a particular conclusion.

We are not bound by formal and rigid procedures to resolve complaints and we aim to be flexible in our approach.

We will engage all concerned to help both consumers and financial services providers understand their respective rights and responsibilities. Our ultimate aim is to reduce the level of complaints and improve confidence in the financial services industry.

We must constantly strive to educate both ourselves and those we serve about our services and make our services easily accessible. We will ensure all parties in a dispute have an opportunity to present their case. In doing so, we will ensure the dignity of those we serve by treating each with utmost respect and courtesy.

We must at all times build a collegiate base that is diverse and equitable and encourage contributions to our core business. We are responsible to ensure that each of our colleagues is regarded as an individual and experiences an affirming and empowering learning environment.

We must be mindful of the ways in which we help our colleagues fulfil their family responsibilities. We must encourage each other to communicate our opinions, feelings and indeed, our grievances in an environment conducive to amicable resolution, not recrimination. We will support each other, to be innovative, to exercise reasonable initiative, and to share our learning.

We are responsible to the communities in which we live and work and to the larger international community. We must be good citizens and support civic initiatives.

We believe our final responsibility is to industry. Business must make a sound profit, underpinned by good corporate governance and moral values. We must explore and suggest fresh approaches to consumer services in the course of our enterprise.

We believe when we operate according to these principles, we will all realise a significant improvement.

PART B: OVERVIEW OF 2018 to 2019 BUDGET AND MTEF ESTIMATES

3 Expenditure Estimates

OVERVIEW OF 2017 to 2018 BUDGET AND MTEF ESTIMATES

RESOURCE PLAN PROGRAMME	APPROVED BUDGET R'000	MEDIUM-TERM EXPENDITURE ESTIMATE		
		2017/2018	2018/2019	2019/2020
		R'000	R'000	R'000
Technical	24 905	26 703	28 358	30 116
Support	20 613	22 101	23 471	24 926
Stakeholder Management	2 549	2 733	2 902	3 082
Total	48 067	51 536	54 732	58 125

ECONOMIC CLASSIFICATION

Current payments	48 067	51 536	54 732	58 125
Compensation of employees	31 924	33 903	36 005	38 238
Salaries and wages	31 805	33 777	35 871	38 095
Social contributions	119	126	134	143
Goods and services	16 143	17 632	18 727	19 888
Connection charges and telephone	838	890	945	1 004
Computer services	946	1 005	1 067	1 133
Consultants	2 917	2 354	2 500	2 655
Contractors	-	-	-	-
Inventory	-	-	-	-
Lease payments	3 379	3 683	4 015	4 263
Repairs and maintenance	75	80	85	90
Research and development	-	-	-	-
Training and staff development	578	614	652	692
Travel and subsistence	560	595	632	671
Other	5 828	7 327	7 679	8 155
Depreciation	1 015	1 078	1 145	1 216
Interest	7	7	8	8
Transfers and subsidies	-	-	-	-
Payment for capital assets	3 678	1 719	1 825	1 938
Building and other fixed structures	-	-	-	-

Buildings	-	-	-	-
Furniture and office equipment	581	617	655	696
Other fixed structures	-	-	-	-
Machinery and equipment (computer equipment)	284	602	639	679
Software and other intangible assets	2 813	500	531	564
Total	51 745	53 254	56 557	60 064

4 Relating Expenditure Trends to Strategic Outcome Oriented Goals

Spending focus over the medium term will be on supporting continuous improvement in customer satisfaction; operational excellence through strengthening of organisational capacity and improvement of the existing business systems and processes; and stakeholder relationship management.

Over the MTEF period, total expenditure is expected to increase from R48.1 million to R58.1 million, at an annual average rate of 7.0%. The increases have mainly been kept to inflationary levels, following the guidelines issued by National Treasury. Provision has been made for additional expenditure related to legal matters as well as a new office building lease.

PART C: PROGRAMME AND SUB-PROGRAMME PLANS

5 Programme And Sub-Programme Plans

Taken from the strategic analysis, a review of the past years performance, as well as the reviewed strategic intent, the executive team identified the following key programmes with their related measurable objectives.

5.1 Programme: Technical

The FAIS Ombud continuously improves the processes of case management so that it remains capable of delivering a cost effective and relevant service to its customers. Taking into account the practical experience the FAIS Ombud has, the further implementation and enhancement of complaints-handling processes is a key priority. The improved processes ensure immediate registration of complaints thereby avoiding a backlog of files and providing customers with up-to-date feedback when required. The complaints handling process includes clear, efficient and unambiguous case handling procedures to ensure a smooth flow, consistent performance standards and ultimately greater customer service.

5.1.1 Strategic Objectives, programme performance indicators and annual targets for 2018/19

STRATEGIC GOAL 1: Customer satisfaction through effective complaints resolution.							
STRATEGIC OBJECTIVE		To resolve complaints in a fair, expeditious and informal manner					
PROGRAMME		Technical					
OUTPUTS (PORTFOLIO OF EVIDENCE)		Closed complaints files. Customer satisfaction survey forms (CSFs). Implemented Quality control implementation plan					
OUTCOMES		Satisfied customers					
NDP KEY PRIORITY AREA ALIGNMENT		Building a capable state; Transforming society and uniting the country Faster and more inclusive economic growth					
PROGRAMME PERFORMANCE INDICATOR		Baseline	Performance Targets				
1.1	% satisfied customers as measured on returned CSFs for all resolved cases		2018/19	2019/20	2020/21	2021/22	2022/23
	80%	85%	85%	85%	85%	85%	
1.2	% closed complaints within 9 months of date of receipt of complaint	85%	85%	85%	85%	85%	85%
1.3	% satisfied customers in respect of process and communication as measured by returned CSFs for dismissed, settled and referred cases	80%	85%	85%	85%	85%	85%
1.4	% satisfied customers in respect of ease of access to the office as measured by returned CSFs	80%	85%	85%	85%	85%	85%

1.5	% complaints responded to within 7 days of date of receipt of complaint	80%	90%	90%	90%	90%	90%
1.6	Maximum % active complaints older than 9 months of total active complaints (excluding property syndication complaints)		25%	24%	23%	22%	21%
1.7	Efficiency ratio (% closed complaints of complaints received in the specific financial year)		80%	80%	80%	80%	80%

Quarterly Targets for 2018/2019

INDICATORS	Baseline	Annual Target	Quarterly Targets			
			1 st	2 nd	3 rd	4 th
1.1	% satisfied customers as measured on returned CSFs	80%	85%	85%	85%	85%
1.2	% closed complaints within 9 months of date of receipt of complaint	85%	85%	85%	85%	85%
1.3	% satisfied customers in respect of process and communication as measured by returned CSFs for dismissed, settled and referred cases	80%	85%	85%	85%	85%
1.4	% satisfied customers in respect of ease of access to the office as measured by returned CSFs	80%	85%	85%	85%	85%
1.5	% complaints responded to within 7 days of date of receipt of complaint	80%	90%	-	-	-
						90%

1.6	Maximum % active complaints older than 9 months of total active complaints		25%	25%	25%	25%	25%
1.7	Efficiency ratio (% closed complaints of complaints received in 2018/19)		80%				80%

5.2 Programme: Support

A major component of the overall success of the FAIS Ombud depends on the effective and efficient service of its support functions. The focus for this fiscal year will be on the following:

- *Information Technology:* Effective use and further enhancement of technology to improve the operations of the FAIS Ombud.
- *Finance:* Ensure a sustainable source of revenue to fund operations in accordance with mandate.
- *Human Resources:* Ensure that appropriate talent is recruited, developed, retained and managed to support the execution of the FAIS Ombud's mandate.
- *Stakeholder management:* Develop and maintain stakeholder relationships to enhance performance, accountability and public confidence.
- *Governance and Risk management:* Ensure an effective risk and compliance management in order to optimise operational and strategic efficiencies.

5.2.1 Strategic objectives, performance indicators and annual targets for 2018/19

STRATEGIC GOAL 2: Operational excellence							
STRATEGIC OBJECTIVE		To optimise internal capacity, business processes and systems.					
PROGRAMME		Support					
OUTPUTS (PORTFOLIO OF EVIDENCE)		Unqualified audit report. Approved Budget. Management accounts. Internship contracts. Revised Training plan. Executed training plan. Reviewed policies. Implemented performance management system. Approved succession plan. Updated Compliance and Risk Management Framework. Implemented IT plan.					
OUTCOMES		Operational excellence. <i>Enhanced internal effectiveness and service delivery. Sufficient funds to deliver on mandate. Motivated staff to achieve FAIS Ombud's objectives. The FAIS Ombud is seen as a compliant entity.</i>					
NDP KEY PRIORITY AREA ALIGNMENT		Building a capable state; Transforming society and uniting the country Faster and more inclusive economic growth Leadership and responsibility throughout society					
PROGRAMME PERFORMANCE INDICATOR		Baseline	Performance Targets				
			2018/19	2019/20	2020/21	2021/22	2022/23
2.1	Type of audit opinion issued by Auditor-General in respect of annual financial statements and performance information	Unqualified	Unqualified	Unqualified	Unqualified	Unqualified	Unqualified
2.2	Minimum number of trainee contracts concluded	9	9	9	9	9	9

2.3	% adherence to performance management system as set out in the implementation plan	100%	100%	100%	100%	100%	100%
2.4	% disabled employees of total employees		2%	2%	2%	2%	2%
2.5	% female employees of total employees		51%	51%	51%	51%	51%
2.6	% black employees of total employees		75%	75%	75%	75%	75%
2.7	Payment of invoices within 30 days - % of invoices paid within 30 days of receipt		95%	95%	95%	95%	95%

Quarterly Targets for 2018/19							
INDICATORS		Baseline	Annual Target	Quarterly Targets			
				1 st	2 nd	3 rd	4 th
2.1	Type of audit opinion issued by Auditor-General in respect of annual financial statements and performance information	Unqualified	Unqualified	-	-	-	Unqualified
2.2	Minimum number of trainee contracts concluded	9	9	-	-	-	9
2.3	% adherence to performance management system as set out in the implementation plan	100%	100%	-	-	-	100%
2.4	% disabled employees of total employees		2%	-	-	-	2%
2.5	% female employees of total employees		51%	-	-	-	51%
2.6	% black employees of total employees		75%	-	-	-	75%

2.7	Payment of invoices within 30 days - % of invoices paid within 30 days of receipt		95%	95%	95%	95%	95%
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5.3 Programme: Office of the Ombud's Stakeholder Management

This programme focuses on managing key stakeholder relationships to improve the effective and efficient functioning of the Office.

5.3.1 Strategic objectives, performance indicators and annual targets for 2018/19

STRATEGIC GOAL 3: Sound and effective stakeholder relations							
STRATEGIC OBJECTIVE		To manage stakeholder relationships					
PROGRAMME		Office of the Ombud					
OUTPUTS (PORTFOLIO OF EVIDENCE)		Website reports/ statistics, Minutes of meetings, Attendance registers, Press releases					
OUTCOMES		Enhanced relationships (improved co-operation with stakeholders)					
NDP KEY PRIORITY AREA ALIGNMENT		Building a capable and developmental state					
PROGRAMME PERFORMANCE INDICATOR		Baseline	Performance Targets				
			2018/19	2019/20	2020/21	2021/22	2022/23
3.1	Hits on website	2 500	2 500	2 500	2 500	2 500	2 500
3.2	Numbers of engagements with key stakeholders, including outreach programmes	26	36	36	36	36	36
3.3	Numbers of media related activities	10	28	28	28	28	28

Quarterly Targets for 2018/2019							
INDICATORS		Baseline	Annual Target	Quarterly Targets			
				1 st	2 nd	3 rd	4 th
3.1	Hits on website	2 500	2 500	-	-	-	2 500
3.2	Numbers of engagements with key stakeholders, including outreach programmes	26	36	9	9	9	9
3.3	Numbers of media related activities	10	28	7	7	7	7

6 Links to Long-Term Infrastructure And Other Capital Plans

The FAIS Ombud does not have any plans for long- term infrastructure and capital projects.

Appendix A - Technical Indicator Descriptions

Indicator title	Percentage of satisfied customers (1.1, 1.3, 1.4)
Short definition	Customer survey to indicate that customers are overall satisfied with the manner their complaints are handled.
Purpose/importance	To determine if there is a need for improvement
Source/collection of data	Customer satisfaction survey form (CSFs)
Method of calculation	Scoring system of 1 to 5 on returned survey forms
Data limitations	It is not possible to send out survey forms to both parties in all instances eg. Where the complaint has been summarily dismissed or referred. Not all customers may respond to the survey
Type of indicator	Outcome
Calculation type	Cumulative
Reporting cycle	Quarterly
New indicator	No
Desired Performance	85% as measured on returned CSF's
Indicator responsibility	TRMs/SCMs
Indicator title	Customer survey to indicate that customers are overall satisfied with the manner their complaints are handled.

Indicator title	Percentage of complaints closed within 9 months of receipt of complaint (1.2)
Short definition	Percentage of closed complaints
Purpose/importance	To determine whether the FAIS Ombud is complying with the service levels offered to customers
Source/collection of data	CRM frozen printouts/ spreadsheets
Method of calculation	Cases are considered closed when they are reflected as closed on the CRM system. - This will be measured from 1 April 2018. - The date of receipt for all cases received in a month will be last day of that month.
Data limitations	N/A
Type of indicator	Output
Calculation type	Cumulative
Reporting cycle	Quarterly
New indicator	No
Desired Performance	85% of closed complaints
Indicator responsibility	TRMs/SCMs

Indicator title	% complaints responded to within 7 days of date of receipt of complaint (1.5)
Short definition	% complaints responded to within 7 days of receipt
Purpose/importance	To determine whether the FAIS Ombud is complying with the service levels offered to customers
Source/collection of data	Case Administration spreadsheets
Method of calculation	The number of complaints responded to within 7 days divided by the total number of complaints received.

Data limitations	N/A
Type of indicator	Output
Calculation type	Cumulative
Reporting cycle	Annually
New indicator	Yes
Desired Performance	90% of received complaints
Indicator responsibility	TRMs/SCMs

Indicator title	Maximum % active complaints older than 9 months of total active complaints (1.6)
Short definition	Maximum % active complaints older than 9 months (excluding property syndication complaints)
Purpose/importance	To determine whether the FAIS Ombud is complying with the service levels offered to customers
Source/collection of data	CRM frozen printouts/ spreadsheets
Method of calculation	Number of active complaints older than 9 months will be divided by total number of active complaints (excluding property syndication complaints)
Data limitations	N/A
Type of indicator	Output
Calculation type	Cumulative
Reporting cycle	Quarterly
New indicator	Yes
Desired Performance	Maximum 25% of active complaints
Indicator responsibility	TRMs/SCMs

Indicator title	Efficiency ratio (% closed complaints of received complaints) (1.7)
Short definition	% closed complaints for complaints received within a specific financial year.
Purpose/importance	To determine whether the FAIS Ombud is complying with the service levels offered to customers
Source/collection of data	CRM frozen printouts/ spreadsheets
Method of calculation	Number of closed complaints within a financial year will be divided by the number of received complaints in the financial year
Data limitations	N/A
Type of indicator	Output
Calculation type	Cumulative
Reporting cycle	Annually
New indicator	Yes
Desired Performance	80% of received complaints
Indicator responsibility	TRMs/SCMs

Indicator title	Type of audit opinion (2.1)
Short definition	Audit opinion express by the Auditor-General on the Financial Statements and the Performance Information
Purpose/importance	Illustrate sound financial management practices

Source/collection of data	Audit Report
Method of calculation	Outcome of the audit
Data limitations	None
Type of indicator	Outcome
Calculation type	Non-cumulative
Reporting cycle	Annually
New indicator	No
Desired Performance	Unqualified Audit Opinion
Indicator responsibility	Finance Manager and Assistant Ombud GRC

Indicator title	Minimum number of trainee contracts concluded
Short definition	Internship contracts
Purpose/importance	Ensure that appropriate talent is recruited, developed, retained and managed to support the execution of the FAIS Ombud's mandate
Source/collection of data	Contract for each trainee
Method of calculation	None
Data limitations	None
Type of indicator	Output
Calculation type	None
Reporting cycle	Annually
New indicator	No
Desired Performance	9
Indicator responsibility	TRMs/SCMs

Indicator title	Percentage of adherence to performance management system processes and deadlines
Short definition	% of adherence to performance management system processes and deadlines
Purpose/importance	Motivated staff to achieve objectives of FAIS Ombud's mandate
Source/collection of data	Performance pacts
Method of calculation	Refer to performance management policy
Data limitations	None
Type of indicator	Output
Calculation type	Non-cumulative
Reporting cycle	Quarterly
New indicator	No
Desired Performance	100% adherence
Indicator responsibility	Ombud

Indicator title	Employment equity targets (2.4, 2.5 and 2.6)
Short definition	Employment equity targets
Purpose/importance	To measure compliance with the Employment Equity Act
Source/collection of data	Employment equity report

Method of calculation	Percentage of the different categories of the total staff complement
Data limitations	None
Type of indicator	Output
Calculation type	Non-cumulative
Reporting cycle	Quarterly
New indicator	Yes
Desired Performance	Minimum of: 2% disabled employees 51% female employees 75% black employees
Indicator responsibility	AO (GRC)

Indicator title	Payment of invoices within 30 days - % of invoices paid within 30 days of receipt (2.7)
Short definition	Payment of invoice within 30 days of receipt
Purpose/importance	To measure compliance with the Treasury Regulations
Source/collection of data	Order master
Method of calculation	Total number of invoices paid within 30 days of receipt divided by total number of invoices received
Data limitations	None
Type of indicator	Output
Calculation type	Cumulative
Reporting cycle	Quarterly
New indicator	Yes
Desired Performance	95% of invoices received
Indicator responsibility	FM

Indicator title	Hits on website
Short definition	Activity measure on website through measuring hits
Purpose/importance	Website hits as signified by unique “clicks” by visitors are a reflection of interest in the FAIS Ombud and also signify that information on the website is being accessed by website visitors.
Source/collection of data	Website host analytics data
Method of calculation	Count based on provided website report
Data limitations	None
Type of indicator	Output
Calculation type	Cumulative
Reporting cycle	Quarterly
New indicator	No
Desired Performance	Greater than 2 500 for the fiscal year
Indicator responsibility	ICT Manager

Indicator title	Engagements with key stakeholders, including outreach programmes
Short definition	Measurement of fulfilment of obligation to inform and interact with stakeholders through measurement of levels of interaction with various stakeholder groupings as per stakeholder management plan.
Purpose/importance	Stakeholder interactions measure the extent to which the FAIS Ombud is interacting with its stakeholder groupings in a bid to assure support and optimize effectiveness of the FAIS Ombud's work.
Source/collection of data	Minutes of meetings, Attendance registers.
Method of calculation	Count based on provided data
Data limitations	None
Type of indicator	Output
Calculation type	Cumulative
Reporting cycle	Quarterly
New indicator	No
Desired Performance	36 interactions for the fiscal year or more
Indicator responsibility	Ombud / Assistant Ombud GRC

Indicator title	Media related activities
Short definition	Measurement of fulfilment of obligation to inform and interact with stakeholders through measurement of levels through the media.
Purpose/importance	Stakeholder interactions measure the extent to which the FAIS Ombud is interacting with its stakeholder groupings in a bid to assure support and optimize effectiveness of the FAIS Ombud's work.
Source/collection of data	Press releases and newsletters
Method of calculation	Count based on provided media reports and newsletters issued
Data limitations	None
Type of indicator	Output
Calculation type	Cumulative
Reporting cycle	Quarterly
New indicator	No
Desired Performance	28 activities for the fiscal year or more
Indicator responsibility	TRM's