INTEGRATED REPORT

2022 | 2023

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PART A:
GENERAL INFORMATION

KEY FIGURES

9 190	**Complaints received**
7 809	Total complaints disposed of
4 368	Formal determinations
3 829	< 6 months carried over complaints
141	> 6 months carried over complaints
82%	Complaints finalised within 6 months

1. GENERAL INFORMATION

Country of incorporation and domicile	South Africa
Legal form of entity	The Office of the Pension Funds Adjudicator is a Public Finance Management Act (Act no. 1 of 1999) Schedule 3A public entity and statutory body established in terms of section 30B of the Pension Funds Act, 24 of 1956.
Nature of business and principal activities	The mandate of the OPFA is to dispose of complaints lodged in terms of the Pension Funds Act No.24 of 1956, as amended in a procedurally fair, economical and expeditious manner.
Registered office	Block A, 4th Floor, Riverwalk Office Park 41 Matroosberg Road Ashlea Gardens Pretoria, 0081
Bankers	Standard Bank of South Africa Limited South African Reserve Bank
Website	www.pfa.org.za
E-mail Address	enquiries@pfa.org.za
Telephone	012 748 4000 012 346 1738
Auditors	Auditor General South Africa P O Box 446 Pretoria 0001 012 426 8000

2. LIST OF ABBREVIATIONS

ACT	Pension Funds Act
AGSA	Auditor-General South Africa
B-BBEE	Broad-Based Black Economic Empowerment
CFO	Chief Financial Officer
FSCA	Financial Sector Conduct Authority
FSR Act	Financial Sector Regulation Act
NT	National Treasury
OC	Ombud Council
OPFA	Office of the Pension Funds Adjudicator
PFA	Pension Funds Adjudicator
PFMA	Public Finance Management Act
SCM	Supply Chain Management
TCF	Treating Customers Fairly
TR	Treasury Regulations
FST	Financial Services Tribunal

FOREWORD BY THE MINISTER OF FINANCE

Mr E Godongwana
Minister of Finance

It is my pleasure to present the annual report for the Office of the Pension Funds Adjudicator (OPFA) for the 2022-23 fiscal year. In the period under review, the South African government continued to implement the reforms needed to resuscitate the economy. There have been green shoots that affirm that the Economic Reconstruction and Recovery Plan is beginning to bear fruits and should yield tangible economic outcomes soon. This is notwithstanding the persisting challenges of rising food prices, high youth unemployment rate and subpar economic growth trajectory.

The 'twin-peaks' financial sector reforms are well on track and are considered material in driving inclusive economic recovery and growth, and employment. Since the enactment of the Financial Sector Regulation Act (FSR Act) in 2017, there has been incredible progress made by the responsible state institutions, including the OPFA, in embedding the changes in legislative framework and integrating the new instruments for an effective conduct regulation, to enhance the integrity of the financial services sector, and reinforce consumer protection as a critical strategic objective.

In the realm of alternative dispute resolution, the OPFA is obligated to address pension fund-related complaints with procedural fairness, efficiency, and cost-effectiveness. In the reviewed year, the OPFA received 9,190 new complaints, marking a 4% increase from the preceding year. It successfully resolved 7,809 of these complaints, reflecting a 7% decrease compared to the previous year. Notably, 82% of these were finalised within 6 months, offering timely relief to complainants.

Similar to prior years, the primary concerns pertain to withdrawal benefits and non-compliance with section 13A of the Pension Funds Act, where employers neglect to contribute to pension funds. The persistence of these issues and the significant volume of complaints are causes for substantial concern. Stakeholders are strongly encouraged to address and rectify this undesirable outcome, stemming from inadequate fund governance, management, and administration. If left unaddressed, this situation effectively undermines the government's endeavours to enhance trust, coverage, adequacy, and sustainability within the retirement funds system. The establishment of the Financial Services Tribunal (FST) and the Ombud Council, as a regulatory entity for ombud schemes, aims to enhance the independence, access, and fairness of the alternative dispute resolution process for financial sector related complaints. The FST is a fee-free appeals avenue for aggrieved persons wishing to challenge or review the Pension Funds Adjudicator's determinations. The increased use of the FST by aggrieved persons is encouraging. Complainants now have access to an efficient appeals process, at little to no cost compared to the expensive and lengthy, formal court process.

During the reviewed year, 72 applications for reconsideration were submitted by individuals dissatisfied with OPFA decisions. The FST issued a total of 69 decisions, with 37 OPFA decisions being upheld and 32 being sent back for reconsideration. Less than 1% of the issued determinations were remitted based on the same facts, while the remainder resulted from new evidence presented by the aggrieved party during the FST proceedings, which had not been presented before the OPFA.

Moreover, the OPFA is collaborating closely with the newly established Ombud Council to formulate procedures and establish standards and rules of engagement. This collaboration aims to effectively achieve the overarching goals of an affordable, independent, accessible, and equitable complaint management process. In the latter part of this year, the provisions in the FSR Act relating to the funding model, the budgeting process and accountability framework of the OPFA, were enacted. This includes a promulgation of the Financial Sector and Deposit Insurance Levies Act (No.11 of 2022), a legal instrument that serves to organise resources for financial sector bodies for the execution of the reforms, by providing for imposition of levies on supervised entities.

This is a key milestone in the reforms transition path, specifically for ombud schemes including the OPFA, as it reinforces the independence of the OPFA and seeks to improve accessibility of the office by aggrieved consumers of pension fund products and services. This will be further enhanced by the introduction of the soon-to-be promulgated Conduct of Financial Institutions Bill, that aims to streamline conduct regulations in the financial sector and promote financial inclusion, while ensuring consumers are fairly treated and protected.

The OPFA has welcomed these legislative changes and is currently implementing them, in collaboration with the National Treasury and other relevant stakeholders. I must take this opportunity, to thank the Financial Sector Conduct Authority Commissioner who served as an interim accounting authority of the OPFA, since we started this journey in 2017. Furthermore, I would like to thank the outgoing governance committees for the sterling work in overseeing the operations of the OPFA. In the same breadth, I must welcome the Pension Funds Adjudicator, as the accounting authority effective 01 April 2023. We are looking forward to continued engagement with the new governance structure and expect the same efforts and organisational performance synonymous with the OPFA, in discharging its mandate.

In closing, I would like to offer my gratitude to the Pension Funds Adjudicator for her role and contribution throughout the transition journey and continued involvement, in ensuring the reforms that affect ombud schemes are a success. In addition, I would also like to thank and congratulate the OPFA team, for the 25-year anniversary and the consistent performance achieved throughout this period.

Mr E Godongwana
Minister of Finance

MESSAGE FROM THE PENSION FUNDS ADJUDICATOR

Ms MA Lukhaimane
Pension Funds Adjudicator

It is a great honour to present the integrated report for 2022/23. Throughout the year, the Office of the Pension Funds Adjudicator (OPFA) remained committed to fulfilling its mandate, diligently striving to resolve complaints in a procedurally fair, economical, and expeditious manner. We have continued our quest to cultivate robust partnerships with key stakeholders and pursued operational excellence in all our functional areas.

As our country, and indeed the world, emerges from the challenges posed by the Covid pandemic, the OPFA has seen a steady rise in the volume of complaints, now at pre-lockdown levels. In the period under review, the office received a total of 9190 complaints, a 4% increase compared to 2021/22, and a substantial 26% increase compared to 2020/21. Notably, electronic and online channels accounted for 77% of the received complaints, while walk-in complaints constituted 18%, with only 5% received through postal services. 2559 complaints were carried over from 2021/2022.

A total of 7809 complaints were finalised during the reporting period, reflecting a 7% decrease compared to the previous financial year. Among these finalised complaints, 56% (4368) were resolved through investigations and reasoned determinations, while 1382 cases were settled. An additional 1326 complaints were deemed to be outside the jurisdiction of the office, and 733 complaints were resolved through alternative means. 82% of the cases were finalised within 6 months of receipt. As of 31 March 2023, 3970 complaints were active of which only 4% have exceeded 6 months.

The recently implemented “Refer to Fund” process wherein the OPFA acts as a facilitator for dispute resolution between funds and complainants has yielded positive results. In this regard, a total of 620 complaints were successfully concluded through this process. We will continue to encourage parties to harness the benefits of this process, particularly because of its quick turnaround time and overall value added to the fund/member relationships.

In a positive development, the FST through its reconsiderations adds to the learnings and enrichment of the retirement funds sector with its reasoned discussions. During the year, 72 applications were assessed, resulting in 69 decisions being issued. Among these, 37 decisions were upheld, while 32 were remitted for reconsideration. Notably, a significant portion of remittances are attributed to the introduction of new evidence during the review process. We remain committed to enhancing our processes by incorporating lessons learned from FST outcomes.

As an organisation, we place great emphasis on stakeholder engagement with funds, administrators, industry bodies, and other role players, through information sharing and responsive query resolution. This collaborative approach is vital in seeking improved methods for reducing and resolving complaints whilst increasing compliance. To support our outreach and education initiatives, OPFA management and staff participated in conferences, webinars, radio and TV interviews, as well as podcasts.

The staff within our organisation play a crucial role in driving organisational performance, and we are committed to continuously enhancing their skills, capabilities, and overall well-being. Out of the 71 employees, 11 (15%) received bursaries from the OPFA to support their studies further. Additionally, numerous employees participated in work-specific courses, while all staff members attended mandatory training sessions to enhance our organisational capabilities. For the well-being of our employees, we implemented a multi-pronged wellness program. During the review period, an organisational climate survey was conducted, revealing an overall satisfaction rate of 75%, surpassing the industry benchmark of 64%.

With around 77% of complaints received through digital platforms and all being processed internally through ICT systems, the OPFA continues its digital transformation agenda, prioritising the modernisation of systems used to deal with complaints and improving internal operations whilst enhancing the ICT Infrastructure and security. Notably, improvements were made to the complaint form, and additional features were introduced on the website, allowing stakeholders to conveniently track the status of their complaints online, thereby enhancing transparency in our service delivery to affected parties. We strongly encourage the utilisation of this platform to monitor the progress of complaints.

Looking ahead, on 24 March 2023, the Minister of Finance proclaimed 1 April 2023 and 01 June 2023, as applicable, to be the commencement date of the Financial Sector and Deposit Insurance Levies Act, 2022, and the commencement of certain provisions of the Financial Sector Regulation Act, 2017, as well as amendments of the Pension Funds Act, No. 24 of 1956 (PFA). In essence, these new provisions assign the Adjudicator the role of accounting authority for the OPFA, while the Minister will directly consider the OPFA's budget and will have to concur with other aspects, as opposed to the previous arrangement where such matters were overseen by the FSCA commissioner. These changes aim to improve governance and funding for the OPFA, and a transitional plan will be formulated and implemented to ensure the smooth implementation of the new amendments.

Additionally, the OPFA continues ongoing consultations with the Ombud Council to improve reporting requirements and procedural rules so as to enhance the objective of a known and trusted financial ombud system in South Africa.

Furthermore, the Conduct of Financial Institutions (COFI) Bill, when passed, will introduce codified TCF principles relating to retirement funds and their members. This will enhance the OPFA's ability to deliver fair outcomes in respect of complaints lodged by retirement fund members. The COFI Bill will also bring within the ambit of the OPFA's jurisdiction complaints in respect of the Government Employees Pension Fund.

In conclusion, I would like to extend my sincere appreciation to the Minister for his oversight of the OPFA, together with the National Treasury team. I would also like to express special thanks to the FSCA Commissioner and the governance committees for their unwavering support and oversight over the last few years. We are grateful to our key stakeholders for their collaboration in ensuring fair and just resolutions to complaints. My heartfelt gratitude goes to the OPFA management team and staff, who consistently embody our high-performance culture and strive to achieve the desired outcomes.

Tribute to the late Mr Hamilton Ratshefola

Seldom does one meet a person so dedicated to their task as Mr Hamilton Ratshefola was to his role as a member of the former Financial Services Board (FSB) and subsequently, the governance committees of the FSCA and the OPFA. Mr Ratshefola, the Chairperson of the Risk Committee, passed away on 15 April 2023 and it would be amiss of me not to thank him for the time spent overseeing OPFA activities.

Mr Ratshefola was tireless in ensuring that our ICT meets today's challenges, and that organisational risk is handled within the requisite framework and monitored diligently. He took additional time to participate in our annual risk management workshops often insisting on collaboration amongst the various stakeholders to ensure that complainants' interests are advanced.

His absence will be greatly felt, and I wish to take this opportunity to thank his family for sharing his brilliance with us. May they find comfort in the fact that he steered many organisations and coached many executives with integrity, humility, and dedication.

May his soul rest in eternal peace.

Ms MA Lukhaimane
Pension Funds Adjudicator

STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE INTEGRATED REPORT

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

All information and amounts disclosed in the integrated report are consistent with the annual financial statements audited by the Auditor-General of South Africa. The report is complete, accurate and is free from any omissions. The integrated report has been prepared in accordance with the annual report guidelines as issued by National Treasury and the International Integrated Reporting Framework.

The Annual Financial Statements on pages 102 to 137 have been prepared in accordance with the Generally Recognised Accounting Practice standards applicable to the public entity.

The Accounting Authority is responsible for the preparation of the annual financial statements and for the judgements made in this information.

The Accounting Authority is responsible for establishing and implementing a system of internal control designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.

The external auditors are engaged to express an independent opinion on the annual financial statements.

In our opinion, the integrated report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the public entity for the financial year ended 31 March 2023.

Yours faithfully

Pension Funds Adjudicator
Ms MA Lukhaimane

BASIS OF PRESENTATION

This integrated report is prepared according to the guidelines of the International Integrated Reporting Framework issued by the International Integrated Reporting Council and annual report guidelines issued by the National Treasury.

The scope of this integrated report is focused on how the OPFA has created value for all its relevant stakeholders with particular emphasis on value created for complainants through the efficiency and procedural fairness of the complaint's disposal process and how the six capitals were integrated to ensure that the OPFA mandate is achieved.

Materiality framework

What is considered material for reporting purposes is informed by the mandate of the OPFA, which is the disposal of complaints in a procedurally fair, expeditious and economical manner.

The focus of this report is on value created during the year under review. It includes an assessment of the changes in the external environment, key risks and opportunities and strategic responses which affect the complaints management process in the medium term covering a rolling period of five years.

Furthermore, as a public entity governed by the Public Finance Management Act (PFMA), factors that have a material financial impact and/or indicate a significant non-compliance with relevant laws and regulations are disclosed in the annual financial statements. This is based on the materiality and significance framework approved by the Accounting Authority.

ORGANISATIONAL OVERVIEW AND EXTERNAL ENVIRONMENT

Organisational Overview

The OPFA was established in terms of the Pension Funds Act, No. 24 of 1956 (ACT) as amended, to dispose of pension fund-related complaints lodged in terms of the ACT and complaints designated to the Pension Funds Adjudicator (PFA) in terms of section 211 of the Financial Sector Regulation Act, No. 9 of 2017 (FSRA). The main objective of the OPFA is to ensure that the rights of consumers of pension products and services are protected, and they are treated fairly within the prescripts of the law.

Legislative and policy mandates

The OPFA is a PFMA Schedule 3A entity established in terms of section 30B of the ACT with effect from 1 January 1998, to investigate and determine complaints lodged in terms of the ACT and those designated to the PFA in the FSR Act. Section 30D of the Act requires that the PFA in disposing complaints:

- Applies, where appropriate, principles of equity;
- Has regard to the contractual arrangement or other legal relationship between complainants and any financial institution;
- Has regard to the provisions of the ACT; and
- Acts in a procedurally fair, economical and expeditious manner.

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

- Being a trusted, independent and impartial Pension Funds Adjudicator;
- Being an organisation that leads by example and is committed to service excellence;
- Providing access to complainants;
- Creating awareness on the role of the OPFA, and educating and informing consumers of their rights; and
- Establishing meaningful and collaborative relationships with relevant stakeholders.

VISION

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

MISSION

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

VALUES

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

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

STRATEGIC OBJECTIVES

The OPFA's strategic objectives over this period focus on discharging its mandate, improving and maintaining its operations and having informative and value adding interactions with its stakeholders, namely:

- **Strategic goal 1: Dispose of complaints received –**
- Relates to the mandate of the OPFA and measures success indicators that focus on issuing determinations timeously.
- **Strategic goal 2: Achieve operational excellence –**
- Relates to the ability of the OPFA to conduct its operations efficiently, through an effective system of internal control and sound governance.
- **Strategic goal 3: Effective Stakeholder Engagement –**
- Measures the effectiveness of the OPFA in conducting outreach programmes, creating awareness and forging synergistic relationships with relevant stakeholders.

External environment

Covid-19

The OPFA welcomes the repeal of Covid-19 regulations and has adopted a hybrid model in its stakeholder engagement plan for the 2023/24 year which resumes physical engagement with complainants through outreach programmes and industry engagements via participation in conferences. This will be supplemented by continued use of digital platforms such as webinars, visiting community radio stations, conducting TV interviews and writing articles to enhance education and awareness.

The OPFA initially expected a larger number of complaints due to job losses and financial difficulties by employers and funds aggravated by Covid-19, which would have had a direct impact on benefit withdrawals and employer contributions. However, it seems that most of the issues are resulting in liquidations. The majority of the complaints related to withdrawal benefits and section 13A compliance where there was non-payment of contributions by employers and funds not adequately discharging their obligation to ensure collection of these contributions. This is of great concern to the OPFA as fund non-compliance and section 13A matters have been a consistent feature over the years and continue unabated to the detriment of pension fund members. The OPFA continues to engage funds and administrators that contribute the most to these matters and provide them with guidance on how to resolve some of the issues raised. There is regular engagement with the FSCA management on trends that emanate from the complaints management process and identification of funds that require intervention from the regulator. However, as we closed the last quarter of the 2022/2023 performance year, it appeared as if complaint trends have returned to pre-Covid levels with the OPFA receiving 9 190 complaints for the year.

Legislative changes

i. Ombuds System Revision

Amendments to the Financial Sector Regulation Act, 2017 ("FSR Act") have been proposed in the FSR Act Ombuds Revision Bill which will have a direct effect on the OPFA. It is proposed that Chapter VA of the Pension Funds Act, 1956 ("PF Act"),which established the OPFA, be transferred into the FSR Act. Similar proposals have been made in respect of the Ombud for Financial Service Providers (FAIS Ombud). Along with the proposed transfer is a name change for the Adjudicator to be called the "Retirement Funds Ombud" and for the ACT to be renamed the "Retirement Funds Act". This is in line with the project that has been underway by National Treasury and the FSCA to eliminate unnecessary jargon and for all types of pension funds to fall within the umbrella term "retirement fund". If these changes are implemented during the upcoming period, it will present an opportunity for rebranding and a renewed awareness campaign.

The mandate of the OPFA may also be extended via the expansion of the definition of "complaint". This will necessitate upskilling of the professional staff to handle the new types of complaints that may be received.

ii. COFI Bill

Whilst the FSR Act was intended to legislate the manner in which regulators and ombuds conduct themselves, the Conduct of Financial Institutions Bill ("COFI Bill") is intended to legislate the manner in which financial institutions such as retirement funds are expected to conduct themselves. A third draft of the COFI Bill was released by National Treasury. The OPFA took up the opportunity to submit comments on the draft.

In this draft, certain consequential amendments to the ACT were proposed which, if passed, would likely have a significant impact on the OPFA's mandate. Of importance were the proposals made pertaining to section 37C of the ACT which deals with the manner in which death benefits in a pension fund should be disposed of. The proposed amendments could serve to create significant confusion in the industry and impact on the complaints that would have to be dealt with by the OPFA. In the OPFA comments submitted, it was accordingly proposed that a full consultation process takes place which must include workshops held with relevant stakeholders in the retirement fund industry before any amendments to section 37C are effected. If the proposal is accepted by National Treasury, this will present an opportunity for the OPFA to engage meaningfully with the relevant stakeholders on the appropriate ways in which the issues pertaining to section 37C of the ACT can be addressed. Similar comments were submitted by the OPFA on the second draft of the COFI Bill.

A further draft of the COFI Bill containing provisions relating to Ombuds was subsequently shared by National Treasury for comment. A significant impact of the proposed amendments is the inclusion of receiving oral complaints by the OPFA. The OPFA is not currently set up to receive oral complaints and having to adjust to the proposal will entail a significant financial impact including the cost of running a call centre and maintaining records of oral complaints. This has been brought to the attention of National Treasury in (OPFA) comments submitted by the OPFA along with other concerns relating to same.

It is intended that all conduct issues will be exported from the ACT into the COFI Bill as an overarching piece of legislation that applies to the conduct of all financial institutions, including retirement funds. The sectoral legislations that currently exist are expected to be repealed either in whole or in part. It is also expected that the prudential issues relating to the financial soundness of retirement funds will remain within the ACT. Conduct issues pertaining to specific types of financial institutions are expected to be addressed in conduct standards issued by the FSCA.

iii. Conduct Standards

The publication of conduct standards in terms of both the FSR Act and COFI Bill will also form part of the legislative framework that retirement funds will be expected to abide by. Naturally, these are also likely to form the basis of complaints received by the OPFA. The conduct standards for comment are usually published on the FSCA website and a period of at least 30 days is allowed for comment. In the past, the FSCA published a conduct standard pertaining to section 13A and the collection of arrear contributions. The OPFA made submissions to the FSCA on the proposed conduct standard and in the final version, most of the OPFA comments were incorporated. The final version of the Conduct Standard was published on 19 August 2022. FSCA Conduct Standard 1 of 2022 (RF) – Requirements relating to the payment of pension contributions was published on 20 February 2023 or such later date as determined by the FSCA. It is anticipated that there will be various other conduct standards issued by the FSCA relating to retirement funds for comment and the OPFA will most likely make submissions to the FSCA for consideration prior to the finalisation of any conduct standards. A similar process will obviously apply for prudential standards and joint standards.

iv. Ombud Council and Chief Ombud

The FSR Act also established the Ombud Council ("OC") and the Chief Ombud. The OC consists of the Chief Ombud, the Commissioner (of the FSCA), and at least four, but not more than six, other members appointed by the Minister of Finance. The OC is empowered to:

- make rules relating to ombud schemes including governing rules, definitions of types of complaints to be dealt with by specific ombud schemes, dispute resolution processes, and any rule that is appropriate and necessary for ensuring that financial customers have access to, and are able to use affordable, effective, independent and fair alternative dispute (22) resolution processes for complaints about financial institutions in relation to financial products, financial services, and services provided by market infrastructures.
- issue directives to a person who is an ombud, or to an ombud scheme, requiring the person to take action specified in the directive if the person has contravened or is likely to contravene a financial sector law in so far as it relates to ombud schemes.
- accept written enforceable undertakings by an ombud scheme regarding the ombud scheme's future conduct in relation to a financial sector law in so far as it relates to ombud schemes.
- commence proceedings against an ombud scheme in the High Court for an order to ensure compliance with a financial sector law in so far as it relates to ombud schemes.
- make a debarment order in respect of a natural person if the person has contravened a financial sector law in so far as it relates to ombud schemes, or an Ombud Council rule; or attempted, or conspired with, aided, abetted, induced, incited or procured another person to contravene a financial sector law in so far as it relates to ombud schemes.
- impose an administrative penalty on an ombud scheme, a member of the governing body of an ombud scheme, or an ombud.
- the OC may also conduct supervisory on-site inspections and investigations on ombud schemes, as well as request specified information from an ombud scheme which is relevant to the OC's assessment of compliance by the ombud scheme with a financial sector law in so far as it relates to ombuds; an OC rule; a directive issued by the OC; or an enforceable undertaking accepted by the OC.

In essence, the OC acts as a regulator of ombud schemes and the OPFA will be subject to such regulation. It is anticipated that the OC may determine certain reporting requirements to assess compliance by ombud schemes. The OPFA has started engaging with the Chief Ombud and making available all requested information to assist the Ombud Council in performing its mandate.

v. POPIA

The OPFA has adopted policies in line with the Protection of Personal Information Act, 2013 ("POPIA"). The OPFA had embarked on a readiness project since August 2020 and held training and awareness sessions for all its staff members. It also registered the Information Officer (Adjudicator) and Deputy Information Officer (Senior Legal Advisor) within the prescribed timelines. The OPFA has engaged with the Information Regulator to confirm its position in relation to the handling of complaints by the OPFA. The Information Regulator has confirmed that it is satisfied that the OPFA complied with the conditions for lawful processing of personal information. The OPFA continues to engage with the Information Regulator to confirm its compliance with POPIA.

vi. World Bank Group Report

During 2021, the World Bank Group ("WBG"), as commissioned by National Treasury, published a report in terms of which it evaluated the current financial-sector ombud system in South Africa, compared it against international good practice, and recommended reforms to provide good-quality outcomes and good value for money for the future. The report proposes consolidation of all of the industry ombud schemes (the Banking, Credit, LTI, STI, and JSE Ombuds) plus the statutory FAIS Ombud into a non-statutory National Financial Ombud (NFO). Further, it proposes that the OPFA evolve into Retirement Funds Ombud (RFO) and be retained separately. The reasons for a separate retention, which should be reviewed after 5 years, include the avoidance of further complexity to an already complex transition, and to allow for the non-payment of pension contributions to be resolved by FSCA before consolidation. The OPFA has made submissions to National Treasury on whether the proposed NFO should be statutory or non-statutory. The OPFA is of the firm view that the NFO should be a statutory scheme. The WBG report remains under consideration by National Treasury.

vii. Two-pot system

Comments on the proposed legislative amendments to the Income Tax Act, 1962 incorporating the so-called two-pot system were submitted by the OPFA to National Treasury for consideration. On 29 July 2022, the 2022 Draft Revenue Laws Amendment Bill was released for public comment, setting out proposals for implementing a new "two-pot" retirement fund system to provide more flexibility for members. The public comments period closed on 29 August 2022, with National Treasury (Treasury) receiving written comments from 27 organisations and 80 individuals. There have also been workshops and discussions with the Standing Committee on Finance about these proposals. Broadly, the plan in the draft bill is to create two "pots" for retirement fund members. From the date the new system comes into effect, members will be able to make one taxable withdrawal a year from their "savings pot" (one-third of contributions), but the "retirement pot" (the other two-thirds) has to be preserved until retirement and used to purchase an annuity. There is a third pot, the vested amount in the fund at the implementation date. Taking public comments into account, Treasury proposes to clarify and amend the draft bill on broader policy issues as follows:

- The implementation date will be postponed from 1 March 2023 to 1 March 2024, although this may still be optimistic in our view;
- Members must contribute one-third to the savings pot and do not have the ability to contribute less;
- The 12-month period in which one withdrawal will be allowed will be a rolling 12 months;
- The minimum withdrawal amount of ZAR 2 000 per rolling 12-month period is gross, not net;
- Members exiting a fund with less than ZAR 2 000 in the savings pot will be allowed to withdraw that sum or ask for it to be transferred into their retirement pot;
- The ZAR 165 000 de minimis will apply on a cumulative basis to amounts that are subject to annuitisation, i.e., full withdrawal is possible if the total of (i) two-thirds of the vested pot value; and (ii) value in the retirement pot, is less than ZAR 165 000;
- Seed funding from the implementation date into the savings pot is possible, with further consultation required on the risks and benefits of this approach, methods to minimise the adverse impact on liquidity, and possible trade-offs on vested rights;
- There will be more consultation with the public sector defined benefit funds' stakeholders to explore how the new regime will affect these funds and their members, given that members' benefits are based on a defined formula without reference to contributions and investment performance;
- Section 37D of the Pension Funds Act (relating to deductions for pension-backed housing loans, divorce settlements, etc.) will have to be amended to cater for the two-pot system and to provide that such deductions must be made from the vested and retirement pots;

- The two-pot system will be mandatory for all retirement funds, although Treasury is still considering a request to exempt certain legacy retirement annuity fund products; and
- The scope and nature of charges levied on transfers from another fund and fund values will be clarified, as the draft bill provides for costs to be deducted from contributions, and fund values arising from transfers from another fund have no contributions by members.

Given that the implementation date has been postponed until 1 March 2024, OPFA staff may require upskilling since the two-pot system is required to be contained in the rules of a fund and would, therefore, fall within the definition of "complaint".

The current external environment presents some of the following opportunities and threats for the OPFA:

OPPORTUNITIES

- Participation in legislative reform and standards formulation
- Collaboration and combination of resources amongst ombud schemes to improve visibility, consumer education and awareness
- Establish value-add partnerships with other ombuds and consumer bodies
- Use of more efficient digital channels to reach all communities and actively engage with stakeholders
- Improve quality assurance of OPFA case management processes using feedback from the FST
- Promote use of emails and website to lodge complaints where there is access to internet connection
- Leverage goodwill of stakeholders to improve complaints response times
- Invest and maximise on IT capabilities

THREATS

- OPFA accessibility challenges to complainants across provinces due to single location based in Gauteng
- Possible inefficiencies during transitioning and teething-phase of legislative reform
- Increased puzzlement from consumers and non-compliance from financial institutions due to scale of reform
- Inadequate or inconsistent interpretation or application of the new requirements due to legislative reforms.

BUSINESS MODEL

Our business model is focused on generating value for stakeholders with complainants as the primary stakeholder, through investigating and determining complaints lodged in terms of Section 30D of the ACT. Our mandate mainly creates value for complainants, retirement funds, administrators, employers, employees, Finance Ministry and the FSCA as regulator of pension funds.

Value creation

The OPFA creates value by executing the following for its stakeholders:

OUR STAKEHOLDERS

COMPLAINANTS

- Providing accessibility of the office as an ombud scheme for retirement funds and other prospective complainants via different avenues such as walk-ins to OPFA offices, telephone, email, website and fax.
- Investigating and determining complaints in a procedurally fair, economical and expeditious manner.
- Encouraging mediation and settlements to ensure timeous resolution of disputes.
- Implementing outreach and awareness programmes that educate the public and prospective complainants on our services.
- Providing guidance and direction for complaints outside jurisdiction of the OPFA.
- Seeking continuous feedback about our services and adapting our processes to enhance complainant experience.

RETIREMENT FUNDS, ADMINISTRATORS AND INDUSTRY BODIES

- Collaborating with the industry to improve the effectiveness and efficiency of dealing with pension fund complaints.
- Contributing to pension fund law educational programmes and information-sharing sessions such as conferences, webinars, issuing practice notes and publishing articles
- Providing the industry with feedback on their performance in order to improve their services to their members.
- Providing training for individual retirement funds on specific topics.

EMPLOYERS

- Conducting awareness on pension fund law through determinations issued.

OUR STAKEHOLDERS

EMPLOYEES

- Providing meaningful employment and opportunities for development and training.
- Providing fair and competitive remuneration and benefits.
- Providing a diversified and relevant employee wellness programme.

FINANCE MINISTRY

- Providing performance reports containing detailed information on the effectiveness of the ombud scheme and its mandate in addressing its policy objectives.
- Providing evidence-based input on legislative reform.

FSCA (REGULATOR)

- Providing data and trends on systemic issues and other matters of concern.

BUSINESS MODEL *continued*

How we create value

The OPFA creates value by executing the following for its stakeholders

OUR INPUT CAPITALS

The actual inputs (capitals) were transformed using people, business processes and technology to produce business outcomes.

Capital	(What was used to deliver on the mandate and strategic plans)
Financial Capital	• Total budget of **R93 697 567** funded from FSCA transfers, interest earned and reserves. • Section 30R budgeted funding from the FSCA to the value of **R82 729 529** • Interest income expected from short-term deposits in the South African Reserve Bank CPD account of **R403 000** • Reserves to the value of **R10 565 038** utilised • Sound financial management and budgetary controls
Infrastructure Capital	• Operating leases for buildings and printers at the cost of **R6 214 805** • Property, plant and equipment to the value of **R 2 820 968** • Software to the value of **R 2 884 894**
Knowledge/ Intellectual Capital	• Investigation and adjudication of complaints • Issued determinations precedence. • Professional legal staff drafting skills and experience. • OPFA Case Management System and workflow and other supporting digital systems
Human Capital	• Optimised organisational structure with capable management team. • **71** diversified professional and support employees at the end of the financial year at a cost of **R46 800 968** • Five internships at a cost of **R977 797** • Training and bursary expenditure of **R1 079 539** • Employee wellness expenditure of **R153 119** • Industry subscription/membership to the value of **R44 201**
Social and Relationship Capital	• Collaborative meetings with industry regulator(s), national treasury, governance committees on development and implementation of pension funds laws and policies. • Building and sustaining cooperative relations with funds, administrators and industry bodies to enhance service delivery to complainants. • Proactively participating in conferences, webinars and radio interviews to educate and learn about pension fund law and practices. • OPFA staff participating as guest lecturers to educate students on pension funds law. • Conducting stakeholder survey to understand how best the OPFA can serve its customers. • Sharing pertinent information on the OPFA website. • Engage with governance committees, management team, units and staff in order to deliver on the OPFA mandate and strategic goals. • Continuously embedding the OPFA strategic goals and values by conducting regular value delivery meetings.
Natural Capital	• Electricity and water of **R791 830**

OUR BUSINESS CAPITALS

The OPFA employs relevant input business capitals to achieve its legislative mandate.

FINANCIAL — FC

OPFA funding sources
- Allocation from the FSCA
- Interest income from short-term investments

INFRASTRUCTURE — MC
- Building and office space
- ICT infrastructure and systems

INTELLECTUAL — K/IC
- Determination orders filed with the High Court
- Knowledge and experience in pensions law

HUMAN — HRC
- OPFA staff skills, unique pension law knowledge and experience
- OPFA values, culture and ethics
- Continuous development and training

SOCIAL AND RELATIONSHIP — SRC
- Relationships with oversight entities and governance committees
- Collaboration with stakeholders
- OPFA outreach and education programmes with the public

NATURAL — NC
- OPFA impact of business activities on natural resources including land, electricity and water

OUR BUSINESS PROCESSES

In order to achieve its mandate, the OPFA uses its business processes guided by its three core strategic goals:

Core business (Case management) processes

- Receive and register complaints
- Refer complaints to Funds/ Administrators or Employers
- Adjudicate complaints
- Post adjudication and closure
- Reconsider complaints as per the Financial Services Tribunal rulings

Support processes

- Collaboration and engagement with stakeholders
- Human resources management
- Finance and supply chain management
- Legal services
- Information and communication technology
- Information and records management

Management controls

- Policy, processes, standards, workflow and methodologies
- Strategy and monitoring systems
- Governance, risk and compliance management
- Transformation management
- Ethics management

OUR STRATEGIC OUTCOMES

SG1

STRATEGIC OUTCOME ORIENTED GOAL 1

Resolve complaints in accordance with our mandate

SG2

STRATEGIC OUTCOME ORIENTED GOAL 2

Achieve operational excellence

SG3

STRATEGIC OUTCOME ORIENTED GOAL 3

Effective stakeholder engagement

OUR BUSINESS OUTCOMES

The actual inputs (capitals) were transformed using people, business processes and technology to produce business outcomes.

Capital	(What outcomes were achieved)
Financial Capital	• Achieved clean audit • Total spend of **R82 343 385** • **R46 632 777** spent on employee costs • CAPEX of **R3 015 498** • CAPEX commitments of **R2 690 363** • Administration (general expenditure) of **R32 526 918** • Deficit of **R2 021 472** funded from reserves and **R834 816** from interest earned • Current balance of reserves of **R18 900 000**
Infrastructure Capital	• Utilised ICT as one of the strategic resources to increase internal productivity and improve service delivery to stakeholders. • Implemented ICT projects to modernise and secure OPFA digital platforms. • Capital expenditure of **R3 015 498**
Knowledge/ Intellectual Capital	• CAPEX commitments of **R2 690 363** Revised case management processes to include referring complaints to funds before adjudication. • **9 190** complaints received and registered. • **7 076** complaints closed of which **82%** was within six months. • **4 368** complaints were disposed through formal determinations.
Human Resource Capital	• High performance culture with **82%** of complaints being finalised within the target time of six months. • Streamlined organisational structure with a diversified and effective workforce. • 85% of employees participated in the climate survey and overall employee satisfaction rate was 75%. • Retention of key high-performing employees with one employee promoted and one intern absorbed into permanent positions. • Staff turnover of seven with five regrettable resignations and two contracts expiring. • Upskilled workforce supported by training and development spend.
Social and Relationship Capital	• Maintained collaborative relations with industry regulator, national treasury and governance committees to improve the implementation of the OPFA mandate • Continued building cooperative relations with funds, administrators and industry bodies to enhance service delivery to complainants. • Engaged various stakeholders using different media and platforms to educate the public about OPFA services.

BUSINESS MODEL (CONTINUED)

Outlook

The OPFA is part of a larger system of financial services ombudsmen. A specialist tribunal that aspires to be an arbiter of choice and a respected institution that makes binding and sound determinations in pension fund complaints, with a mission to resolve complaints professionally and expeditiously in terms of the Act, guided by the values of:

- Professional and technical competence,
- Integrity,
- Collaboration,
- Stakeholder synergy,
- Respect and dignity, and
- Impartiality

As the financial sector embraces the implementation of the Twin Peaks model of regulation in South Africa, the role of the OPFA continues to evolve to meet the strategic objective of treating complainants and stakeholders fairly. The current reform initiatives under Twin Peaks regime seek to address the shortcomings of the current system.

The recent amendments to legislations, specifically the Act, led to the evolution of the Pension Funds Adjudicator to an Accounting Authority for the OPFA entity, with direct accountability to the Minister of Finance with effect from 1 April 2023. With this shift, the transition plan will make provision for an optimal management structure to lead the organisation into the future and streamlining of governance structures to ensure continuity in good governance and compliance to the mandate delivery objectives.

The mandate execution of the OPFA will be positively influenced by the establishment of the Ombud Council in terms of the FSR Act, 2017, to oversee the operations and governance of ombud in the financial services industry. The objective of the Ombud Council is to assist in ensuring that financial customers have access to affordable, effective, efficient, independent and fair alternative dispute resolution processes for complaints about financial institutions in relation to financial products and services. The outcomes of these reforms are expected to significantly improve in embedding the 'Treating Customers Fairly' principles throughout the financial services industry.

Over the medium term, the key strategic priorities for the OPFA are in the main to reduce the administration related to complaints by improving stakeholder engagements and encouraging complainants to use internal dispute resolution processes before lodging a complaint with the OPFA; find innovative ways to intensify outreach programmes for more consumer awareness; develop service standards in order to measure the impact of the service offering to complainants and other stakeholders; and optimise the resources of the office to meet the increased mandate and high number of complaints.

The persistent energy crisis and the lingering impact of the Covid-19 pandemic on the economy and its impact on the rising unemployment rate enhanced the importance of the mandate of the OPFA in ensuring accessible, effective and efficient dispute resolution in relation to members' retirement savings to provide the much-needed relief timeously.

The OPFA is heavily reliant on its human resources capacity to deliver on its mandate. As such, the OPFA will continue to invest in human capital by attracting talent and building internal skills and capabilities, while providing an enabling environment for employees to contribute their best work. Additionally, the OPFA will continue to foster an inclusive environment where the skills development, wellbeing of employees, the employment equity, equality and diversity is realised as a contributor to building an employer of choice.

Enterprise Risk Management

Effective risk management is fundamental to the business activities of the organisation. While we remain committed to increasing shareholder value by developing and growing our business within our Accounting Authority's determined risk appetite, we are mindful of achieving this objective in line with the interests of all stakeholders. OPFA adopted an Enterprise Risk Management (ERM) approach which seeks to identify, evaluate, monitor and report all actual and potential risks at the earliest possible time. This exercise remained inherent throughout the organisation via the risk assessments periodically conducted within the organisation as well as monitoring of the risk mitigation measures as outlined in the risk register. OPFA has put measures in place to:

- identify and prioritise key risks;
- determine appropriate levels of risk tolerance and risk appetite;
- implement a risk management strategy in accordance with the risk management policy; and
- measure, report, monitor and refine risks as needed.

Responsibility and accountability for risk management reside at all levels within the organisation, from the oversight committees down to management and employees.

Risk management and governance

The OPFA regards good governance and risk management as core factors in the way it conducts its affairs. As such the OPFA has implemented a risk management strategy that provides for a coherent and structured approach in identifying, reviewing and managing the risks of the OPFA. This process is regulated by the establishment of a Risk Committee that meets quarterly and a management committee that meets monthly. The OPFA has also implemented a Fraud and Corruption Prevention strategy and plan in line with its undertaking not to tolerate unethical and corrupt activities. The strategy and plan are monitored in line with OPFA's risk management policy.

Risk and Opportunity

The definition for risk used in King IV consists of three parts, namely uncertainty of events, the likelihood of such events occurring and their effect, both positive and negative.

King IV understanding of risk thus balances the traditional, negative view of risk with one that recognises the potential opportunities inherent in some risks. Thus, an opportunity may present itself as the potential upside of a risk that could adversely affect the achievement of organisational objectives.

However, it is also recognised that opportunities do not always originate from the current risks of the organisation. This is particularly true of the strategic opportunities that should be considered when setting the organisation's strategic direction. Consideration of the risks associated with such strategic opportunities affect whether the opportunity will be captured by the organisation or not.

Streamlined organisational structure with diversified and effective workforce.

Highly developing ethical culture maturity score of 90% as per the OPFA Annual Ethics Maturity Survey.

Retention of key high-performing employees with employees being promoted, revising positions upwards and absorbing interns into permanent positions.

Trying to keep staff turnover to a minimum.

Upskilled workforce supported by training and development.

KEY RISKS AND MITIGATIONS

	Strategic Objective	Risk Name	Residual Risk Rating	Risk Mitigation	Progress on implementation of mitigation measures
1	Strategic goal 1: Dispose of complaints received Strategic goal 2: Achieve operational excellence Strategic goal 3: Effective Stakeholder Engagement	Inadequate collaboration between FSCA and OPFA	High	Implement the signed MOU with FSCA	MOU to facilitate engagement and share information. MOU has been signed between FSCA and OPFA

	Strategic Objective	Risk Name	Residual Risk Rating	Risk Mitigation	Progress on implementation of mitigation measures
2	Strategic goal 2: Achieve operational excellence Strategic goal 3: Effective Stakeholder Engagement	Information and cybersecurity risk	Medium	Conduct a penetration test once per annum. Conduct/implement regular ICT security awareness interventions for the users. Conduct two ICT DR tests per annum. Perform daily, weekly and monthly backups. Update identified ICT security standards and guidelines. Participate in all internal and external audits and remediate any findings identified. Development of the Information and Cybersecurity Programme and Architecture.	Monthly vulnerability assessments conducted, and remediation steps currently being implemented - high, medium, and low vulnerabilities reduced this quarter Specification currently underway and test will be conducted during Q4. Security Awareness communication sent to users monthly. DR Manual updates and two ICT DR tests conducted during the Q2 and Q3. An extra is scheduled for Q4 . Daily, weekly, and monthly backups are regularly conducted successfully. Backup restores also conducted regularly. Update of ICT security standards and procedure is in progress. No ICT audit currently. The project will be done during

	Strategic Objective	Risk Name	Residual Risk Rating	Risk Mitigation	Progress on implementation of mitigation measures
3	Strategic goal 1: Dispose of complaints received Strategic goal 2: Achieve operational excellence Strategic goal 3: Effective Stakeholder Engagement	Funding shortfall and uncertainty	Medium	Continuous engagement with the FSCA, National Treasury and other relevant stakeholders regarding funding. Implement cost-cutting measures and optimally utilise reserves. Establishment of a contingency reserve to fund operations	Engagements were held continuously with the FSCA on the funding issue and NT regarding retention of surplus Cost containment measures are continuously implemented and monitored throughout the financial year when procuring goods and services Financial Sector Levies Act was promulgated in December 2022; however, effective date has not yet been announced by the Minister of Finance.
4	Strategic goal 1: Dispose of complaints received Strategic goal 2: Achieve operational excellence Strategic goal 3: Effective Stakeholder Engagement	Changes in legislative framework with regards to Pension Funds	Medium	Management accepts the risk, however, will continuously engage with the relevant parties as and when changes in legislation occur	The National Treasury has indicated that it will not be accepting the WBG recommendation to include “advice” as part of the type of complaints that the OPFA may consider. (The purpose of the proposed training was to equip staff for the proposed expanded jurisdiction contained in the WBG report’s recommendation. The recommendation has not been accepted by NT thus no need for the training)
5	Strategic goal 1: Dispose of complaints received Strategic goal 2: Achieve operational excellence Strategic goal 3: Effective Stakeholder Engagement	HR data risk	High	Managers to submit information timeously and keep copies where necessary Monthly monitoring of manual HR records Implementation of new HR System HR system to provide reports required by business	Managers submit information timeously and HR keeps the records. HR manual records are monitored on a monthly basis. The service provider for HR and Finance systems has been appointed and the project is at initiation stage. HR system for all HR needs will incorporate Data Analytics module.

	Strategic Objective	Risk Name	Residual Risk Rating	Risk Mitigation	Progress on implementation of mitigation measures
6	Strategic goal 1: Dispose of complaints received Strategic goal 2: Achieve operational excellence Strategic goal 3: Effective Stakeholder Engagement	Inability to attract and retain skilled staff	Medium	Implementation of HR Strategy Implementation of remuneration philosophy and recognition and rewards initiatives	HR strategy implementation in progress (HRBP resigned and no reliable information source to accurately report on this item) Retention strategy was included as part of the Remuneration Policy which is in progress The review of remuneration philosophy and recognition and rewards initiatives is in progress
7	Strategic goal 1: Dispose of complaints received Strategic goal 2: Achieve operational excellence Strategic goal 3: Effective Stakeholder Engagement	Management Capability Gap (Case Management) Lack of management capability to effectively manage teams / performance Lack of management capability in providing strategic information, direction and planning	Medium	Continuous feedback on unsatisfactory performance including monitoring Oversight by PFA Implementation of consequence management Management development training and coaching for managers and DPFA Monitoring/reviewing of developed action plan from organisational development sessions Implementation of the 360-degree assessment for the managers Development of a succession and skills transfer plan	Continuous feedback on unsatisfactory performance including monitoring was provided via emails and at MANCO Managers to effectively manage case movement using case management system - in progress Consequence management was not fully implemented. Training was conducted on HR management and emotional intelligence Mentoring & coaching for management has started for a 12- month period Conduct Senior Management development training - training to be organised

	Strategic Objective	Risk Name	Residual Risk Rating	Risk Mitigation	Progress on implementation of mitigation measures
8	Strategic goal 1: Dispose of complaints received	Poor quality determinations	Low	Regular engagements with the professional staff as per the developed ToR Include KPI with relevant responsibilities on quality of determinations for Team Leaders with consequences for poor quality Advise / recommendation on determinations as and when referred to SLA Regular training of professional staff on drafting techniques and time management Professional forum meetings every two months to discuss issues of concern in drafts and other case management matters Quarterly discussion forum on novel determinations and rulings from the FST and High Court or as and when there are novel cases	Professional forum meetings once a month. This is a responsibility of the Team Leaders, not the SLA. The SLA cannot be held responsible if a Team Leader fails to do his/her job. The SLA only gives advice when required. He does not draft. (Suggestion to remove the action plan). Section 13A and death benefit training to professionals and time management trainings were held. Discussed various issues of concern relating to quality of drafts, shared information on new trends and case law. Also discussed novel rulings from the FST, High Court and our own determinations. (Meetings were held every two months)

STRATEGY AND RESOURCE ALLOCATION

	Strategic Objective	Risk Name	Residual Risk Rating	Risk Mitigation	Progress on implementation of mitigation measures
9	Strategic goal 1: Dispose of complaints received Strategic goal 3: Effective Stakeholder Engagement	Limited accessibility of the OPFA offices for walk-in complainants		Investigate and establish partnerships with stakeholders for increased access in other provinces. Partnerships for outreach programmes with other stakeholders, other Ombuds and community organisations. Engagement with Ombud Council for placement of OPFA resources in their offices. Implement and promote the web channel that will allow complainants to use the OPFA website to submit complaints and check their status on their complaints	No progress - Not formally started Engagements with Ombud Council that includes other Ombuds at least quarterly
10	Strategic goal 1: Dispose of complaints received Strategic goal 2: Achieve operational excellence Strategic goal 3: Effective Stakeholder Engagement	Power outage	Low	Continue implementing current controls	N/A

PART B:
GOVERNANCE

Governance report

COMMITMENT

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

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

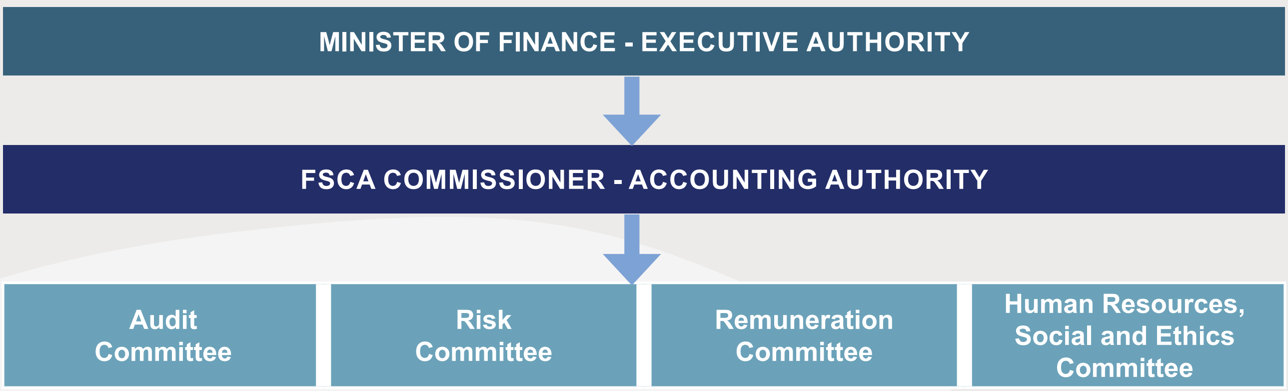
THE ACCOUNTING AUTHORITY AND ITS ROLE

As a Schedule 3A Public entity, the OPFA is required by the PFMA and good corporate governance principles, to have an accounting authority charged with governance and oversight. In the latter part of the financial year, section 30T of the Pension Funds Act, No 24 of 1956 was enacted, which appoints the Pension Funds Adjudicator as the accounting authority effective 01 April 2023. The Commissioner of the FSCA is the outgoing accounting authority, who provided oversight over the operations of the OPFA for the 2022/23 financial year ending 31 March 2023.

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

GOVERNANCE STRUCTURE

OPFA's governance structure as at 31 March 2023 establishes the fundamental relationships between the accounting authority, its committees, management, the executive authority and other stakeholders.



DELEGATION OF AUTHORITY

The accounting authority has the authority to lead, control and manage the business of the OPFA. The accounting authority has established a governance structure that consists of oversight committees and delegated through comprehensive delegation-of-authority framework some of its authority to the PFA and to the management committee to manage day-to-day business affairs of the OPFA.

The delegation of authority assists decision-making and delivery of strategic objectives without exonerating the accounting authority of his accountability responsibilities for the OPFA.

MATERIALITY AND SIGNIFICANCE FRAMEWORK

The accounting authority approved a framework of acceptable level of materiality and significance in accordance with the PFMA for the 2022/2023 financial year to guide the reporting and enable accountability.

KING IV COMPLIANCE AND APPLICATION

As an entity that is consistently accountable for the provision of key services to pension fund members and is mandated by legislation to ensure a procedurally fair, economical and expeditious resolution of complaints in terms of the Pension Funds Act, 1956, the OPFA has built its foundation on sound corporate governance principles, as it is dedicated to growing its reputation to realise its vision of being a trusted arbiter.

The existence of good governance will ensure transparency, accountability and fairness to stakeholders of the OPFA, in the course of discharging its mandate. Additionally, the benefits of good governance include an inculcation of an ethical culture, effective control, sustainable performance, and legitimacy. The OPFA is committed to good governance and applied the King IV principles as detailed below:

King IV principle	OPFA application	Key activities
Principle 1: The governing body should lead ethically and effectively. Principle 2: The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.	The Accounting Authority and its governance committees should lead ethically and effectively.	The approved terms of reference for sub committees, Fraud Prevention Plan, Code of Conduct and Conflict of Interest are in place. Governance Committee members submitted Conflict of Interest declarations. The OPFA employees made annual declarations of interest, which were evaluated by management and presented to the HR, Social and Ethics Governance Committee.
Principle 3: The governing body should ensure that the organisation is, and is seen to be, a responsible corporate citizen.	OPFA to be, or be seen, as a responsible corporate citizen through CSI projects. In addition, the establishment of Social and Ethics committee to ensure effective control and governance.	The following CSI projects took place: • OPFA donated old furniture to a public school. • During Mandela Day, the OPFA donated groceries to an orphanage and old-age home.

King IV principle	OPFA application	Key activities
Principle 4: The governing body should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.	No value creation process in place as yet. Development of an Integrated Reporting Framework, which includes the six capitals and value creation process	Integrated Reporting Framework was developed and implemented during the year under review. The value creation is explained in detail under the Integrated Report under business model. Focusing financial outcomes, case management, audit and stakeholder engagement outcomes. The Integrated Report for 2021-22 was successfully tabled in Parliament.
Principle 5: The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance, and its short, medium, and long-term prospects.	Development of an Integrated Reporting Framework for the facilitation of integrated reporting. The OPFA issues an annual report to its stakeholders. The annual reports are available on the OPFA website.	Integrated Reporting Framework has been developed. The Integrated Report for 2021-22 was successfully tabled in Parliament. The annual reports for previous years are published on OPFA website https://www.pfa.org.za/
Principle 6: The governing body should serve as the focal point and custodian of corporate governance in the organisation.	The Accounting Authority is the focal point and custodian of corporate governance in the organisation.	Roles and responsibilities of Accounting Authority are incorporated in OPFA policies and terms of reference(s) for governance committees. OPFA Delegation of Authority Framework was reviewed and approved by the Accounting Authority.
Principle 7: The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.	The FSCA Commissioner, as well as the governance committees serve the OPFA – the committees comprise a balance of knowledge, skills, experience, and diversity.	Governance Committee members were appointed through an HR process by the FSCA. They have adequate skills, experience and diversity.
Principle 8: The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement and assist with balance of power and the effective discharge of its duties.	The Accounting Authority has delegated to the Governance Committee – all of which also serve the OPFA.	The Accounting Authority approved the reviewed terms of reference(s) for governance committees. The governance committees met on a quarterly basis.

King IV principle	OPFA application	Key activities
Principle 9: The governing body should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness.	The chairpersons of the Governance Committees are all responsible for the facilitation of the annual evaluation of the effectiveness of the committees, as well as the recommendations to improve the effectiveness thereof.	The FSCA Commissioner evaluated all the governance committees as facilitated by the respective chairpersons and secretariat.
Principle 10: The governing body should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities.	The delegation to executive management and the formulation of the Management Committee (MANCO) to oversee implementation of strategy.	OPFA Delegation of Authority Framework was reviewed and approved by the Accounting Authority.
Principle 11: The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.	The Accounting Authority is overall responsible for governance of risk management for the OPFA.	The Accounting Authority approved the reviewed OPFA ERM Policy and Risk Appetite. The Risk Governance Committee met four times during the year under review. An annual Risk Session was held by the OPFA and the updated Strategic Risk register and progress on planned actions were presented to the Risk Governance Committee.
Principle 12: The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives.	The PFMA section 51(1)(a)(i), requires the Accounting Authority of a public entity to maintain effective, efficient, and transparent systems of internal controls including ICT. The OPFA has an ICT business unit that handles all the information technology of the entity – quarterly ICT steering committee meetings are held to discuss the ICT operations and projects.	The Accounting Authority approved the ICT governance framework and policy in the year under review. Reports on ICT governance and security management were tabled at the Risk Governance Committee that met four times during the year. The OPFA awarded an ERP tender to digitise its finance and HR information systems. The implementation started after the reporting date. The OPFA-FSCA ICT steering committee met four times during the year.

King IV principle	OPFA application	Key activities
Principle 13: The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen.	The Accounting Authority is responsible for compliance with delegation to the compliance function to oversee the compliance management at OPFA.	The Accounting Authority approved the reviewed: • Corporate Governance Framework • Regulatory Universe • Compliance Charter Progress on the Regulatory universe was reported quarterly to the Audit and Risk Governance Committees.
Principle 14: The governing body should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.	Remuneration is governed by the Pension Funds Act and determined by the Ministry for appointment of PFA and DPFA. Subsequently reviewed by the Remuneration Committee and approved by the Accounting Authority. The OPFA has a Remuneration Committee as one of the governance committees.	The Accounting Authority, supported by the Remuneration Governance Committee, approved the reviewed: • Remuneration and Rewards Policy • Remuneration benchmarking report for OPFA employees Annual performance-based salary increases, In-year structural adjustments and performance bonuses were implemented. The Remuneration Governance Committee met four times during the year.
Principle 15: The governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation's external reports.	Development of a combined assurance framework.	Combined assurance reporting framework was developed and reported on a quarterly basis to the Audit Committee. Internal audit submitted their audit plan and presented its report to the Audit Committee at least on a quarterly basis. The external audit submitted their audit strategy and engagement plan to the Audit Committee and presented its reports at least on a quarterly basis.

King IV principle	OPFA application	Key activities
Principle 16: In the execution of its governance role and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time.	The OPFA must develop an Annual Stakeholder Plan where engagements will the relevant stakeholders are included. The plan must be reported on at a strategic level	OPFA Stakeholder engagement plan was implemented as reported in the annual performance report. The activities included pension funds industry engagements, media releases and outreach programmes through radio and physical interaction with communities.
Principle 17: The governing body of an institutional investor organisation should ensure that responsible investment is practised by the organisation to promote good governance and the creation of value by the companies in which it invests.	Not applicable as the OPFA is not an institutional investor organisation.	N/A - The main objective of the OPFA is set out in Section 30D of the Pension Funds Act.

GOVERNANCE COMMITTEES

The governance committees are empowered by the PFMA, FSR Act, King IV and other relevant regulations and standards, to review, monitor and advise on submissions made by management and thereafter make recommendations to the Accounting Authority. These governance committees are responsible for ensuring the institution complies with relevant legislation, and codes of good governance and practices. Each committee has its own terms of reference, which are reviewed annually in line with best practice.

COMMITTEE MEMBERS

Audit Committee members

Name	Designation	Appointment date
Mr Nico Esterhuizen	Chairperson	13/09/2021
Ms Lebogang Senne	Member	13/09/2021
Ms Jabu Mogadime	Member	01/08/2020
Mr Hamilton Ratshefola (Deceased on 15-04-2023)	Member	01/08/2020
Ms Precious Mvulane	Member	01/11/2020

Human Resource, Social and Ethics Committee members

Name	Designation	Appointment date
Ms Dudu Msomi	Chairperson	01/08/2020
Dr Phasoane Mokgobu	Member	01/07/2021
Mr Hamilton Ratshefola (Deceased on 15-04-2023)	Member	01/08/2020
Ms Jabu Mogadime	Member	01/08/2020
Prof Phillippus Sutherland	Member	01/08/2020

Remuneration Committee members

Name	Designation	Appointment date
Prof Philippus Sutherland	Chairperson	01/07/2020
Ms Lerato Molebatsi	Member	01/07/2020
Ms Tracy Lea Randall	Member	01/07/2020
Ms Vanisha Balgobind	Member	01/07/2020
Ms Dudu Msomi	Member	01/08/2020

Risk Committee members

Name	Designation	Appointment date
Mr Hamilton Ratshefola (Deceased on 15-04-2023)	Chairperson	01/07/2020
Adv Stephen Matsatsi Malatji	Member	01/07/2020
Mr Peter Raymond Koch	Member	01/07/2020
Prof Tania Ajam	Member	01/07/2020
Mr Nico Esterhuizen	Member	13/09/2021

AUDIT COMMITTEE

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

Member	25/05/22	22/07/22	23/09/22	22/11/22	25/01/23	24/03/23
Mr. Nico Esterhuizen – Chairperson	✓	✓	*A*	✓	✓	✓
Ms. J Mogadime	✓	✓	✓	✓	✓	✓
Ms. P Mvulane	✓	✓	✓	✓	✓	*A*
Ms. L Senne	✓	✓	✓	✓	✓	✓
Mr. H Ratshefola	✓	✓	✓	✓	✓	*A*

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

RISK COMMITTEE

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

Member	01/06/22	01/09/22	30/11/22	01/03/23
Mr. H Ratshefola Chairperson(D)	✓	✓	✓	*A*
Adv. S Malatji	✓	✓	✓	✓
Mr. P Koch	✓	✓	✓	✓
Prof. T Ajam	✓	✓	✓	*A*
Mr. N Esterhuizen	✓	✓	✓	✓

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

HUMAN RESOURCES, SOCIAL AND ETHICS COMMITTEE

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

Member	02/06/22	02/09/22	23/11/22	02/03/23
Ms. D Msomi - Chairperson	✓	✓	✓	✓
Ms. J Mogadime	✓	✓	✓	✓
Dr P Mokgobu	✓	✓	✓	✓
Mr. H Ratshefola	✓	✓	✓	✓
Prof. PJ Sutherland	✓	✓	✓	✓

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

REMUNERATION COMMITTEE

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

Member	03/06/22	05/09/22	24/11/22	03/03/23
Prof. PJ Sutherland - Chairperson	✓	✓	✓	✓
Ms. L Molebatsi	✓	✓	✓	✓
Ms. T Randall	✓	✓	✓	✓
Ms. V Balgobind	✓	A	✓	✓
Ms. D Msomi	✓	✓	✓	✓

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

COMBINED ASSURANCE

Organisations are operating in an increasingly complex, digitised, interconnected and uncertain environment. Stakeholders put their trust in the governing body to ensure that an organisation discharges its mandate ethically and effectively. To achieve this, the organisation requires the right level of assurance from the various assurance providers so that they can assess the organisation's performance, the level of risk exposure and the effectiveness of its system of governance and internal controls.

Governance frameworks lay the foundation for the structures and processes that need to be in place to provide the right level of assurance to an organisation, its oversight structures and relevant stakeholders. The Combined Assurance Framework focuses on effectiveness of the OPFA's system of risk management, governance and internal control.

Risk management is the foundation of the combined assurance process, as the levels of assurance required are dependent on the inherent risk that the organisation faces due to its mandate requirements and chosen strategies to discharge them effectively, efficiently, and economically. The key purpose of the combined assurance process as per King IV is integrating and aligning assurance processes in an organisation to improve risk and governance oversight and control efficiencies and optimise overall assurance to the audit and risk committees. This process aims to provide relevant OPFA stakeholders (Internal and external) with the confidence that assurance provided by the various assurance providers enables the achievement of strategic objectives, effective identification and mitigation of risks, implementation of sound governance practices and maintenance of an effective control environment.

OPFA Management Committee

MUVHANGO LUKHAIMANE
Pension Funds Adjudicator
(10 years)
LLM, MBA

BULELANI MAKUNGA
Chief Financial Officer (5 years)
CA (SA), MBA

(VACANT)
HR Business Partner

(VACANT)
Deputy Pension Funds Adjudicator

NAHEEM ESSOP
Senior Legal Advisor (3 years)
LLB

SERATI NTSIMANE
ICT Senior Manager
(3 years)
MBA

TSHEPO DOOKA-RAMPEDI
SAA – Team Leader
(15 years)
LLM

SILAS MOTHUPI
SAA – Team Leader
(16 years)
LLM

NNDWAKHULU KUTAMA
SAA – Team Leader
(2 years)
LLB

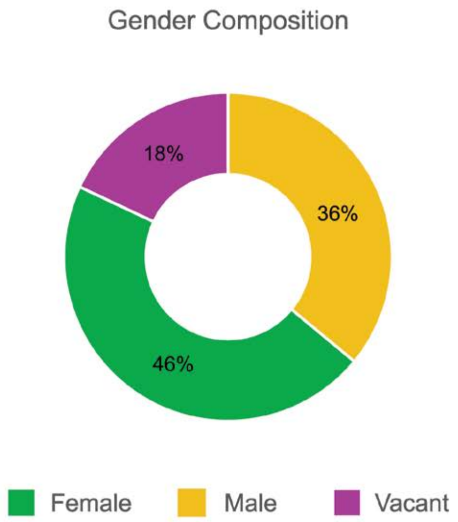
LALITA JADOONANDAN
Early Resolution Manager (2 years)
LLB

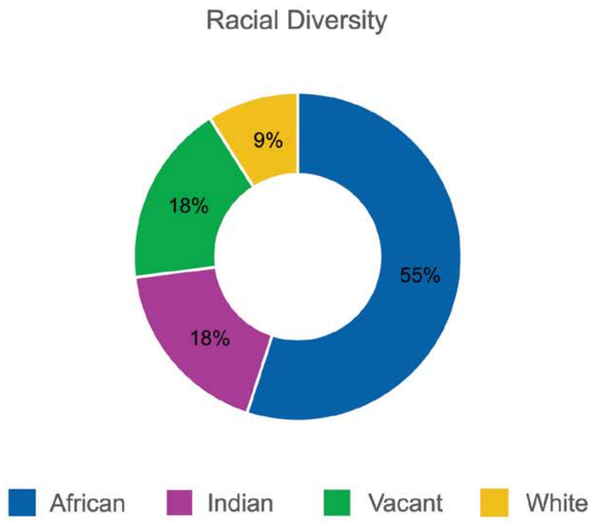
WILANA GROENEWALD
New Complaints Supervisor (8 years)
BProc

The Pension Funds Adjudicator is appointed by the Minister of Finance in terms of Section 30C of the ACT. The definition of the Adjudicator as per the ACT includes the DPFA and/or Acting PFA. The powers of the Adjudicator are detailed in Section 30Q of the ACT, supplemented by the Delegation of Authority framework by the Accounting Authority in terms of Section 56 of the PFMA.

MANCO members are appointed by the PFA to assist in decision-making and managing the day-to-day activities of the OPFA. MANCO has a balance of different expertise, skill, experience and diversity to ensure the OPFA achieves its strategic objectives.

MANCO consists of 11 committee members with the PFA as the Chairperson. The composition of MANCO is as follows:





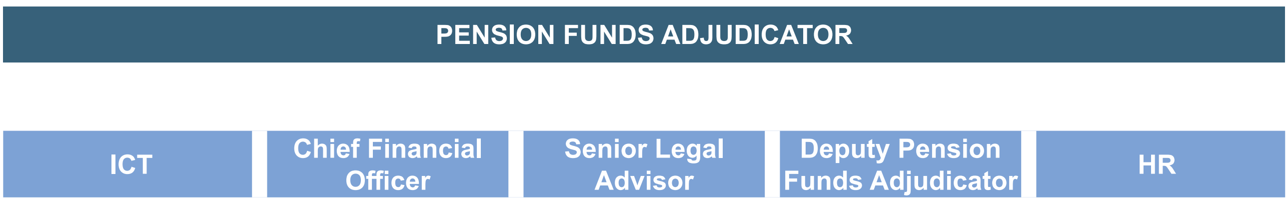
OPFA COMBINED ASSURANCE REPORT 2022-23

The OPFA combined assurance process is evaluated at three levels of defence namely first line (OPFA Management), second line (Accounting Authority and internal subject matter experts) and third line (external assurance providers and oversight bodies).The Annual Report OPFA combined assurance effectiveness status was considered satisfactory as indicated in table below.

First line of defence		
• Pension Funds Adjudicator • Management (MANCO)	**Provides satisfactory assurance**	• OPFA management led by the Pension Funds Adjudicator runs the day-to-day operations of the OPFA. The performance of the organisation is detailed in the annual performance report. • Management publishes an Integrated Annual Report to report on overall organisational performance • In-year reports are made available to the governance committees, Accounting Authority and the National Treasury.
Second line of defence		
• FSCA Commissioner and Governance Committees • Risk and Compliance Officer • Senior Legal Advisor	**Provide satisfactory assurance**	• The FSCA Commissioner approves all established policies including reviews of those policies. The Commissioner, as the Accounting Authority, was ultimately accountable and responsible for the OPFA performance. • Risk and Compliance Officer, together with the CFO as a direct supervisor, presented risk management related reports to the Risk and Audit Governance Committees and the Commissioner throughout the year. • The Senior Legal Advisor together with the Pension Funds Adjudicator, reported progress of litigation and other legal matters to the Risk Governance Committee at least on a quarterly basis.
Third line of defence		
• Internal Audit (Ngubane Incorporated) • External Audit • (Auditor-General of South Africa) • Ombud Council • Executive Authority (Minister of Finance)	**Provide satisfactory assurance**	• The internal audit function is outsourced to Ngubane Incorporated. The audit plan was approved by the Audit Committee and reports were presented at least on a quarterly basis. • The external audit services are rendered by the Auditor General of South Africa (AGSA), as required by the Public Audit Act. External auditors presented audit strategy and engagement and their reports to the Audit Committee at least annually. • The Ombud Council has recently been established and has started engaging with the OPFA in the year under review. • There was continuous engagement with the National Treasury throughout the year on a variety of issues including transition, changes in legislation, budgeting and in-year reporting.

OPFA Operating Structure, Functions and Strategic Objectives

Diagram below shows how the operations of the OPFA are organised as at 2022-23



Finance
SCM
Risk and Compliance
Office Admin & Transport

NCU
ERU
CM Team 1
CM Team 2
CM Team 3

The operations are st[illegible]jor inter-dependent fun[illegible]nd Corporate Support services.

The Adjudication functi[illegible]rtments, namely New Co[illegible], Early Resolution Team (ER) and Case Manag[illegible]

- New Complaints U[illegible]
  Timeously registers [illegible] complaints, requests fu[illegible]eeded, allocates Out of Jurisdiction (OJ) complaints to ER Team, refers pre-mature (RtF-complaints where complainant did not liaise with a fund and/or employer prior to having lodged a complaint [illegible]ssible direct resolution of same between the complainant and the fund and/or employer, [illegible] received and allocates complaints to ER and/or CM Teams.
- Early Resolution Team (ER)
  Deals with and closes OJ complaints, assesses RtF-responses received, closes RtF-complaints as Resolved by Fund and/or allocates complaints to CM Teams as formal complaints.
- Case Management Teams (CMT)
  Investigate complaints, where possible pursue settlements, refer matter for Conciliation and draft determinations in terms of Section M of the Act. The investigation phase is aimed at soliciting further information in respect of complaints from the parties concerned. Draft determinations are submitted to the Adjudicator for review and sign off whereafter the complaints are finalised.

Corporate Support: has an equally important role to play in the execution and achievement of this strategic objective. The corporate support function consists of the following departments:

Finance Department: is responsible for the management of financial resources of the OPFA in terms of the ACT, the PFMA and Treasury Regulations, Supply Chain Management and Office Administration.

Operations Departments – is responsible for all operations that include ICT, Human Resources Management, Library Services and Risk and Compliance. The OPFA leverages off the FSCA's sound ICT environment as most of its ICT infrastructure, maintenance and support are managed by the FSCA in terms of a service level agreement. Utilise ICT as one of the strategic resources to increase internal productivity and improve service delivery to stakeholders. Implement ICT projects to modernise and secure OPFA digital platforms. *Library* ensures effective and useful information and knowledge management processes. It provides relevant and reliable information to enable the business to executive its mandate effectively.

HUMAN RESOURCES (HR) – ensures that people management and development is linked to organisational goals and outcomes. It provides a framework regarding recruitment and hiring of staff, training and development, talent management, succession planning, remuneration and rewards, employer-employee relations, performance management and organisational culture.

STRATEGIC GOAL 1

DISPOSE OF COMPLAINTS RECEIVED

Purpose: Resolve complaints in a procedurally fair, economical and expeditious manner by complying with the ACT.

The New Complaints Unit (NCU) timeously registers and assesses new complaints, allocates to the Early Resolution Team (ER) if out of jurisdiction, requests further information if needed, serves parties where a complainant did not liaise with a fund and / or employer prior to lodging a complaint with our office, assesses responses received and allocates to ER and or Case Management Teams (CM).

The Early Resolution Team (ER) deals with and closes Out of Jurisdiction-matters, assesses RtF-responses received, closes RtF-complaints as Resolved by Fund and or allocates complaints to Case Management Teams (CM) as formal complaints.

The Case Management Teams (CMT) investigates complaints, where possible pursues settlements, refers matters for Conciliation and drafts determinations in terms of section 30M of the Act. Where determinations are drafted, these are then submitted to the Adjudicator for consideration and finalisation. The investigation phase is aimed at soliciting further information in respect of complaints from the parties concerned. The Adjudicator reviews and signs off determinations.

Revised case management processes to keep up with changing trends and legislation. Revised case management processes to include referring complaints to funds before adjudication: this has been implemented: RtF process and the Early Resolution Team.

For the past financial year:
9190 complaints received and registered
7076 complaints closed of which **82%** was within six months
4368 complaints disposed through formal determinations

STRATEGIC GOAL 2

ACHIEVE OPERATIONAL EXCELLENCE

Purpose: To ensure clean administration and build capacity to optimally deliver on the mandate of the OPFA

Finance, risk and compliance promotes clean administration by achieving unqualified audit opinion with no significant findings on performance information and compliance. Furthermore, this objective measures the time taken to settle supplier invoices to support supplier development and economic participation by SMMEs. The finance department is responsible for the management of financial resources of the OPFA in terms of the ACT, the PFMA and Treasury Regulations, and Supply Chain Management.

Human Resources (HR) promoting equal opportunities, fair treatment and redress in the workplace and sticking to the employment equity plan in place for specific areas such as the percentage of African, female employees, and employees with disabilities.

HR, as custodians of various labour legislation, has a responsibility to assist the OPFA to be compliant and above board in relation to the Labour Relations Act, Basic Conditions of Employment Act (BCEA), Employment Equity Act, Skills Development Act, etc.

Corporate Support Department responsible for all operations that include HR, ICT and Risk and Compliance.

For the past financial year:
A clean audit outcome was achieved
100% of valid supplier invoices paid within 30 days

STRATEGIC GOAL 3

EFFECTIVE STAKEHOLDER MANAGEMENT

Purpose: To educate consumers and establish meaningful and collaborative relationships with stakeholders

The OPFA conducts awareness programmes to educate the public about its services. It collaborates with its stakeholders to ensure value adding engagements that will improve its outcomes whilst creating value for all stakeholders. This includes radio and TV shows; visiting universities to engage with law students interested in a career in pensions and to encourage taking up of internship opportunities; meeting with stakeholders upon invitation; scheduling interaction with stakeholders to facilitate the complaints resolution process.

A stakeholder satisfaction survey is done once every three years to ensure that the OPFA monitors with customer service expectations and impactful stakeholder engagement. Feedback from these surveys and activities guide our stakeholder plan, with a focused and structured approach.

Maintained collaborative relations with industry regulator, national treasury and governance committees to improve the implementation of the OPFA mandate.

Continued building cooperative relations with funds, administrators and industry bodies to enhance service delivery to complainants.

Engaged various stakeholders using different media and platforms to educate the public about OPFA services.

Over the medium term, the key strategic priorities for the OPFA are in the main to reduce administration related complaints by improving stakeholder engagements and encouraging complainants to use internal dispute resolution processes.

Find innovative ways to intensify outreach programmes for more consumer awareness.

Develop service standards to measure the impact of the service offering to complainants and other stakeholders.

Optimise the resources of the office to meet the amended mandate and increasing number of complaints.

For the past financial year:
100% succesful implementation of stakeholder implementation plan
The overall employee satisfaction rate was **75%**

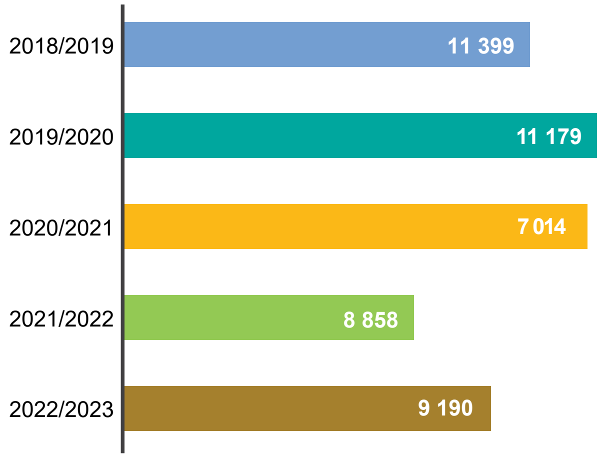
PART C: ORGANISATIONAL PERFORMANCE INFORMATION

OPERATIONAL REPORT 2022/23

NEW COMPLAINTS

New complaints received for 2022/23 were 9190. This constituted an increase of 4% when compared to the previous year and 24% when compared to 2020/21 i.e., during Covid-19. Early indications are that the current trend is moving towards recovery pre-pandemic levels.

New Complaints

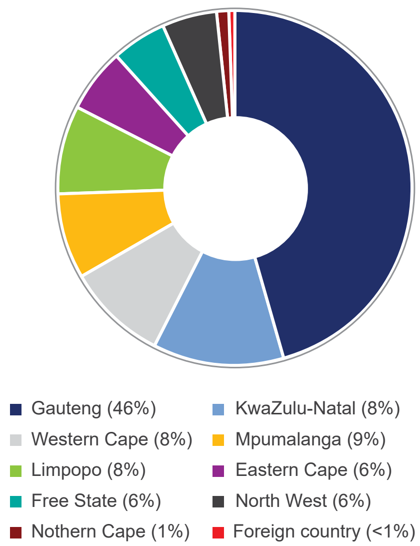


The upward trend may be attributed to two things viz. (1) complainants are aware of the OPFA, the function that it serves and the level of trust that complainants have in the OPFA to fulfil its mandate; and (2) retirement funds are simply not doing enough to resolve disputes internally. This could be attributed to a lack of accountability or a trust deficit that exists between retirement funds and their members.

The refer-to-fund (RtF) process, whereby the OPFA facilitates the lodging of a complaint by a complainant with the fund for internal dispute resolution, has proven successful with a notable number of disputes being resolved before a formal complaint is registered. The introduction of the RtF process by the OPFA has been largely welcomed by the industry as it enables a fund to resolve a complaint before a formal complaint is lodged for investigation. 620 disputes were resolved via the RtF process. Some funds still failed to take any advantage of the process; however, it is hoped that with time and constant encouragement all funds will fully embrace the RtF process as a means of addressing dissatisfation by their members and in keeping with the spirit purported by the TCF principles.

Geographically, the number of complaints received per province remains skewed in favour of the Gauteng province, with 46% of all complaints received. The OPFA's offices are situated in Gauteng only and this could be a contributing factor. The second highest province is Mpumalanga with 9%. Whilst the numbers for Gauteng can be partially attributed to the domicile of the OPFA, one has to contrast this with the manner in which complaints are received by the OPFA. A large proportion of the complaints received are either via email, the website or post. The geographical trends may, therefore, also be attributable to coverage of pension fund benefits being offered by employers per province and the general coverage of pension fund-related matters by various media in Gauteng.

Geographical area of residence



As indicated, the most preferred methods used by complainants to lodge a complaint with the OPFA are via email and the OPFA website. Walk-in complainants also contribute a notable number of complaints. There was an increase in complaints lodged via the self-serve function on the OPFA website following its launch on 12 December 2022. The Self-Serve function enables complainants to track the progress of their complaint on the website through the different investigation steps. In addition, the Covid-19 pandemic accelerated the number or persons opting for on line means of communication. Owing to the decreased footprint of the post office and its ever increasing unreliability, complainants are constantly encouraged to resort to other means of communication

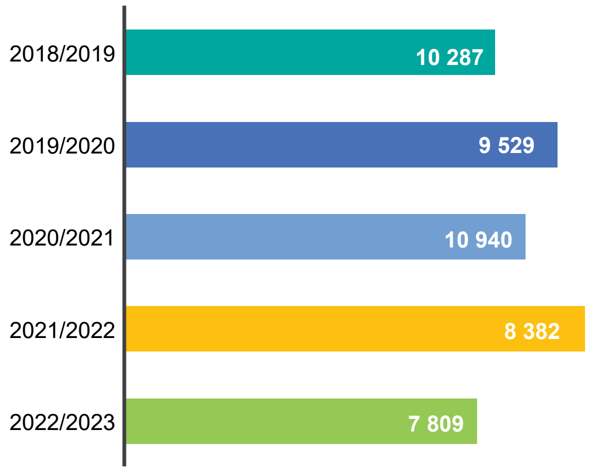
Manner of receiving complaints

Email	Letter	Fax	Web-site	Walk-in
58%	5%	1%	18%	18%

COMPLAINT OUTCOMES

A total of 659 complaints were closed at NCU as either abandoned, withdrawn or duplicates. In addition, a total of 7809 complaints were investigated and finalised as either determinations, out of jurisdiction, settlements. This represents a decrease of 7% compared to the previous year. The decrease can be attributed to certain retirement funds that are habitually uncooperative by failing to provide proper responses to complaints or funds undergoing some form of regulatory intervention by the FSCA where the grievances raised by complainants are of secondary concern to the statutory manager or section 26(2) board member appointed. Reporting such matters to the FSCA continues on a regular basis.

Total complaints finalised



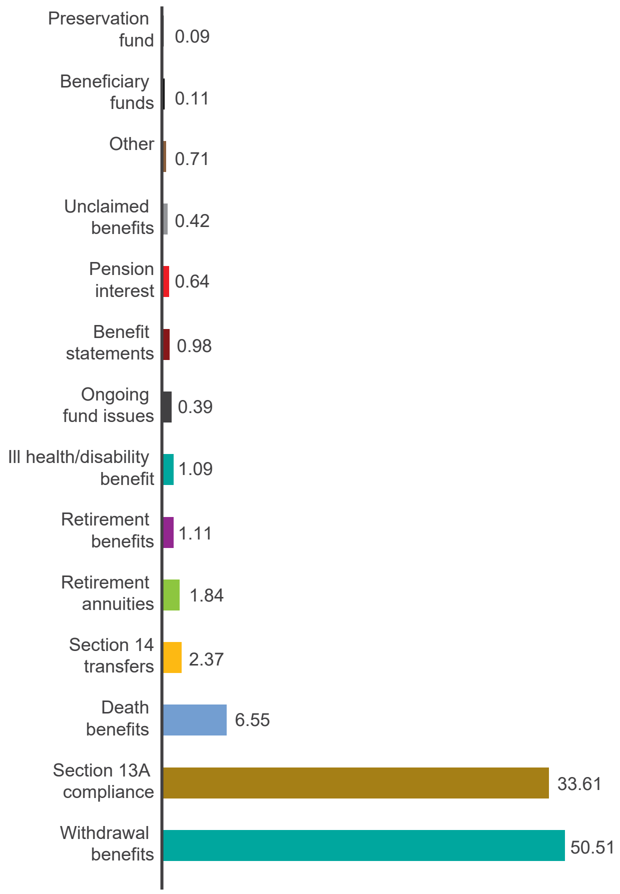
The Private Security Sector Provident Fund (PSSPF), membership of which is compulsory in the private security sector by virtue of a collective agreement, remained the largest contributor to new complaints. Following various engagements, turnaround times for responses to complaints have improved, however, there remains lingering concerns pertaining to the quality of responses that often require follow-ups and clarifications. The fund has also failed to take advantage of the RtF process as there appears to be very little or no attempt at all on its part to resolve complaints directly with its members.

The requirement for compulsory membership in the PSSPF is questionable as several employers fail to comply with the requirement to pay contributions. Furthermore, the fund does not appear to be achieving its purpose of providing retirement benefits since the majority of its members do not remain in the fund until retirement age given the nature of the occupation. PSSPF has also failed to allocate hundreds of millions of contributions paid by employers leading to utter frustration for employers and members. It does not seem as if there is a plan to bring the allocation of contributions up to date, anytime soon. PSSPF also took advantage of the “Covid-19 relief” to reduce contribution rates for both members and employer, however, it is unable to monitor compliance.

The section 13B administrator, N-e-FG, has been placed under statutory management by the FSCA. This regulatory action triggered an avalanche of complaints by concerned members of the associated funds under administration by N-e-FG. In addition, there were already complaints, mostly for delay in the payment of withdrawal benefits lodged. However, responses to such complaints have not been forthcoming despite several correspondences addressed to the statutory manager appointed. This resulted in engagements with the FSCA and section 26(2) board members appointed by the FSCA to other funds under the administration of N-e-FG. Due to N-e-FG’s inability to provide responses timeously or at all, a decision was eventually taken to close such complaints by issuing default determinations against the associated funds. The issuing of default determinations is undesirable due to the potential prejudice that other members of the fund could suffer as a result and the lack of information available from the fund to ensure the soundness of the decision.

The Chemical Industries National Provident Fund change of administrators has also contributed to a delay in finalising some of the complaints timeously. During several meetings with the principal officer of the fund, concerns were raised ranging from data issues, poor service, and failures of the previous administrator to issue proper benefit statements to members. This brings to the fore the need for a regulatory instrument, in line with the TCF principles, that regulates the conduct of section 13B administrators during a transfer of administration to avoid members’ best interests being sacrificed at the altar of profit-driven motives.

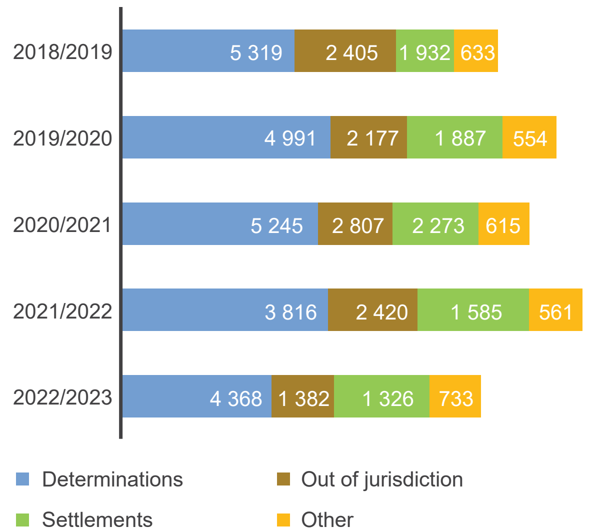
Categories of complaints closed



Complaints pertaining to withdrawal benefits continue to be the most dominant category of complaints investigated and closed, together with non-compliance with section 13A (non-payment of contributions by participating employers). Jointly, these two categories constitute 84% of the total closed complaints categories. Further, the two categories often overlap with one another with a complainant only discovering that his or her employer failed to pay contributions at the stage when they are withdrawing their benefit. Almost 50% of these types of complaints arise from members of the PSSPF.

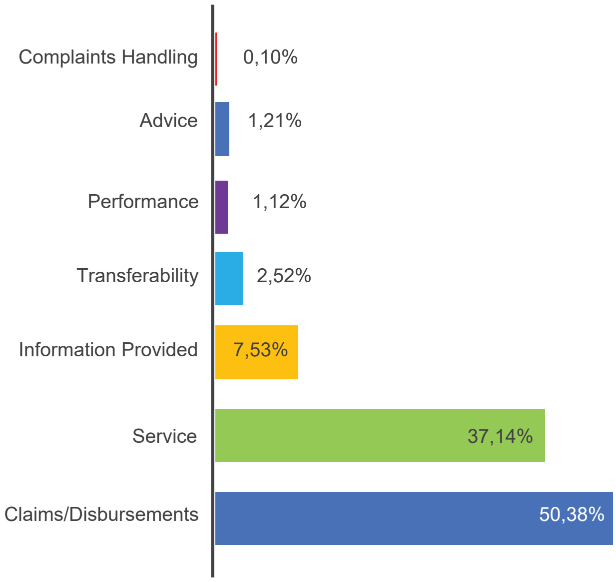
Further, a new trend has emerged in terms of which the "Covid-19 relief" provided by the FSCA that enabled funds to amend their rules to suspend contributions payable by employers has been exploited by unscrupulous employers that continued to deduct contributions from members' wages but failed to pay them over to the fund because of the amendment allowing non-payment of contributions (other than for risk benefits).

How complaints were closed



A total of 4368 complaints were finalised in terms of a fully investigated and reasoned determination. This constitutes 56% of all complaints closed during the year and an increase from the previous year of 15%. A total number of 1382 complaints were closed as settlements, 1326 as out of jurisdiction and 733 as other. As indicated earlier, the overall number of complaints closed decreased by 7% compared to the previous year due to reasons already mentioned.

TCF Outcomes



The number of complaints received in relation to poor service is a concern as it mostly relates to poor or inadequate communication by funds in relation to the payment of contributions and benefits. The RtF process aims to encourage communication between funds and members in relation to issues that form the subject matter of complaints by the OPFA. Most notable is the non-payment of contributions by employees. The proactive application of prescription and time bearing to the complaints means that even where employees are ordered to pay outstanding contribution, in a significant number of matters, only partial recovery is realised.

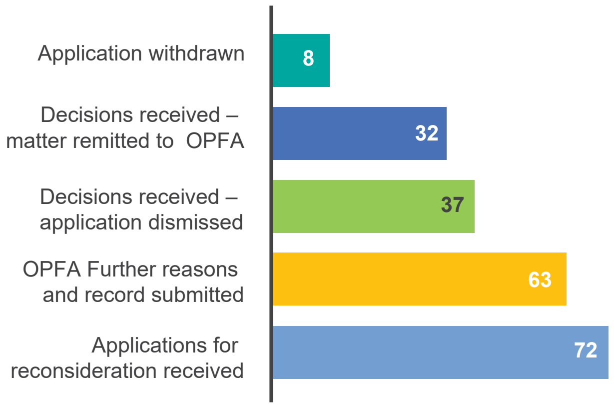
Non-payment or late payment of claims is the highest, and information provided is the third highest. Top three outcomes contribute 95% as the main areas of concern. These are outcomes that could be avoided as they are within the control of funds and administrators. Furthermore, the facilitation of the RtF process by the OPFA should be utilised by funds to achieve better outcomes. Overall, there is an urgent need for a regulatory instrument applicable to retirement funds which incorporates the TCF principles and the passing of the Conduct of Financial Institutions Bill will be a welcome intervention in this regard.

FINANCIAL SERVICES TRIBUNAL

Persons aggrieved with the outcome of complaints decided by the OPFA have the option of applying to the Financial Services Tribunal (FST) for reconsideration. The introduction of FST remains a welcome step in the provision of access to justice. In addition, learnings from decisions of the FST are implemented by the OPFA to continuously improve on processes.

During the year, 72 applications for reconsideration were submitted by persons aggrieved with OPFA decisions. The FST issued a total of 69 decisions, of which upheld 37 decisions of the OPFA and 32 were remitted for reconsideration. A notable number of the decisions remitted was due to new evidence being submitted at the FST which did not serve before the OPFA, therefore merits were not entertained.

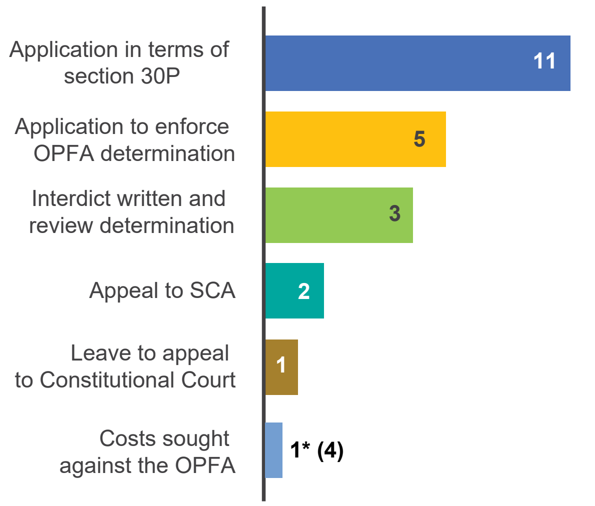
Financial Services Tribunal



APPLICATIONS TO COURT

The establishment of the FST did not remove a party's right to approach a competent court for relief should they be aggrieved by a decision of the OPFA. Notwithstanding that the OPFA is not a party to the complaint, applicants do sometimes cite the OPFA as an interested party in the court proceedings. Additionally, successful complainants may bring applications to court to compel a party to comply with an OPFA determination.

Court applications



**In 3 out of 4 matters where the applicant initially sought costs against the OPFA in the Notice of Motion, the costs order was abandoned after direct engagement with the applicant's legal representatives.*

STAKEHOLDER ENGAGEMENTS

Engaging with our stakeholders remains an important component to fulfilling our mandate. Over the year, the following stakeholder engagements were conducted:

FUNDS	
Motor Industry Retirement Funds	Chemical Industries National Provident Fund
Momentum Retail Funds	Liberty Lifestyle Funds
Corporate Selection Retirement Fund	Transport Sector Retirement Fund
Life Healthcare Retirement Funds	
ADMINISTRATORS	
National Bargaining Council for the Electrical Industry SA	SALT Employee Benefits (Pty) Ltd
Old Mutual Life Assurance (SA) Ltd	Sanlam Life Limited
OTHER	
Rhineland Investment (Pty) Ltd	Financial Planning Institute of SA
Shosholoza Trade Union	Monica Security Services
CONFERENCES/WEBINARS	
Pension Lawyers Association Conference	Batseta Winter Conference
Batseta Online Workshops	Institute of Retirement Funds Africa Webinars
Institute of Retirement Funds Africa Annual Conference	IPEBLA Conference
FSCA Retirement Funds Conference	FSCA Webinars
RADIO INTERVIEWS	
SAFM	Power FM
Jozi FM	Motsweding FM
Lesedi FM	Thobela FM
Ligwalagwala FM	Ikwekwezi FM
Umhlobo Wenene	Ukhozi FM
Radio 786	Izwi 98
Alex FM	Radio Riverside
Mahikeng FM	Lekoa FM
	Radio Khayelitsha
TV INTERVIEWS	
Business Day TV	Morning Live
SABC Economic News	
PODCASTS	
Personal Finance	

HUMAN RESOURCES

As of 31 March 2023, the OPFA's staff profile consisted of 71 positions including fixed term contractors. The organisational headcount is represented as follows:

Adjudication	Corporate Support
53	18

Staff profile by Age Group

Age group	Male	Female	Total
<35	12	20	32 (45%)
35 – 51	15	22	37 (52%)
> 51	0	2	2 (3%)
Total	**27**	**44**	**71**

Staff Tenure

Years of service	Male	Female	Total
<2	10	19	29 (41%)
2 – 5	9	8	17 (24%)
5 – 10	5	6	11 (15%)
> 10	3	11	14 (20%)
Total	**27**	**44**	**71**

Vacancies

The OPFA had 9 vacancies as of 31 March 2023. The duration for which the positions were vacant varied from 1 to 23 months. The most senior vacancy is that of the Deputy Pension Funds Adjudicator, which is awaiting a decision by the Minister's office. The vacancy rate for the period under review was 13%, which is considered reasonable. The filling of vacancies has been particularly challenging for positions at professional occupational levels, due to the specialised nature of skills required.

Appointments

During the period under review, the OPFA filled 20 positions via internal and external appointments as indicated below:

Top Management	Senior Management	Professionals	Skilled	Semi-Skilled	Unskilled
0	0	8	5	5	2

17 (85%) external appointments were made. 2 (10%) internal appointments were made; 1 (5%) appointment was an absorption of a legal intern into the workforce as a Case Officer, while the other was a promotion from Case Officer to Senior Case Officer.

Terminations

The OPFA saw 7 employee terminations for the period under review which accounts for 10% turnover rate, of which 6 were voluntary terminations (resignations), while 1 was an involuntary termination (dismissal). 5 of the voluntary terminations were regrettable. 4 of the terminated employees were within the age group 26-34, while 3 were within the 35-55 age group. The length of service for the terminated employees varied from 8 months to 4 years.

Employment Equity

The OPFA is committed to contribute to the transformation of the workplace in accordance with the Employment Equity Act by maintaining a workforce that is representative of the demographics of the country. The Employment Equity Forum works effectively and meets quarterly to track progress against the employment equity plan. Employment Equity reports for the year under review were timeously submitted to the Department of Employment and Labour. The employment equity plan that covered the period under review expired on 31 March 2023. A new plan from 1 April 2023 was approved.

The OPFA over-achieved with 89% representation for African employees, and a total of 97% representation for generic Black employees (Africans, Coloureds and Indians). The OPFA also over-achieved with 62% female representation against a target of 51%. The organisation under-achieved with 1% representation for persons living with disabilities against a target of 3%.

Occupational Level	Band	African		Indian		Coloured		White		Grand Totals (R,G,L)	Totals Gender	
		M	F	M	F	M	F	M	F		M	F
Top Management	F	0	1	0	0	0	0	0	0	1	**0**	**1**
Senior Management	E	1	0	0	0	0	0	0	0	1	**1**	**0**
Professionals	D	7	8	1	2	0	0	0	2	20	**8**	**12**
Skilled	C	7	13	0	0	1	1	0	0	22	**8**	**14**
Semi-skilled	B	10*	14	0	0	0	1	0	0	25	**10**	**15**
Unskilled	A	0	2	0	0	0	0	0	0	2	**0**	**2**
Total		**25**	**38**	**1**	**2**	**1**	**2**	**0**	**2**	**71**	**27**	**44**

* The number includes a person with disability

Training

An annual training plan was developed, and majority of the learning interventions were implemented for the period under review. A Workplace Skills Plan (WSP) was also developed based on the organisational skills development needs as well as personal development plans. This WSP was presented to the Public Services SETA as a commitment to building and enhancing the skills and capabilities of OPFA staff, to advance organisational performance.

During the year under review 11 employees were provided study assistance for formal qualifications enrolment. 2 employees completed their MBA qualifications in the year under review, while the rest of the funded employees' academic learning programmes are in progress. The following courses are being undertaken:

- Bachelor of Commerce (Supply Chain Management)
- Bachelor of Law (LLB) x 2
- Bachelor of Accounting Sciences (Financial Accounting) x 2
- Bachelor of Commerce Honours in HR Management
- Higher Certificate in Law
- Advanced Diploma in Procurement and Supply Chain
- Diploma in Procurement and Supply Chain
- Master of Law in Private Law
- Certificate in Pension Funds Law

During the year under review, 8 managers attended Coaching and Mentoring sessions as part of leadership capacity and capability development. The sessions will continue into the next financial year.

General training for staff that took place throughout the year were as follows:

Training Type	Targeted Group	Completion Date(s)
Presentation Skills	Case Management Team	02 June 2022
Respond Training for New Staff	Case Management Team	12 July 2022
Azure Fundamental	IT Team	5 to 9 September 2022
GRAP Financial Reporting & Pastel	Finance Team	13 September 2022
Exclaim System	SCM Officer and Risk and Compliance Officer	13 September 2022
Cyber Security	IT Team	3 to 7 October 2022
Performance Management and Appraisal	MANCO	25 October 2022
Minute Taking	Administrative Staff	31 October 2022 01 November 2022
Emotional Intelligence	All Staff	7 to 15 November 2022
Respond Training for New Staff	Case Management Team	08 November 2022
Women in Leadership Development	SAA Team Leader 1, NCU Supervisor & ER Manager, SAA and SCM Officer	23 to 25 November 2022
Information Technology Infrastructure Library	IT Intern	12 December 2022
Supply Chain Management	Supply Chain Team	26 January 2023 and 02 February 2023
Time Management and Effectiveness	All Staff	23 to 25 January 2023
Grievance and Disciplinary Processes	MANCO	09 February 2023

Performance management

The OPFA has a robust performance management system that encourages high performance and personal development. During the year under review, the performance management cycle was changed with effect from 01 April 2022 to align to the financial year cycle which runs from 01 April to 31 March. As a result, the payment of performance-based bonuses was also aligned to June-July period.

As of 30 September 2022, performance appraisals were conducted for 63 staff members: 1 employee's performance was not evaluated due to extended sick leave taken during the appraisal period. A majority of the employees with just over 90% performed satisfactorily and contributed to the outcomes for the year under review. In total 4 employees were issued with warnings during this period for various non-compliance issues. 1 employee's contract of employment was terminated due to poor work performance.

Discretionary Incentives and Long Service Recognition Awards

In an effort to reinforce a high-performance culture, qualifying employees were rewarded with performance-based discretionary incentives for the performance period under review. The incentives were paid in March 2023 for all employees who met the criteria.

A total of 4 employees were recognised for their long service contribution to OPFA in the two categories of 5-year service and 10-year service.

Organisational climate survey

The OPFA conducted a climate survey in the last quarter of 2022. 65 employees were invited to participate in the survey. 55 employees (85%) participated, while 10 employees (15%) did not participate in the survey.

The overall employee satisfaction rate was 75% which is satisfactory compared to the industry benchmark of 64%. This participation outcome also indicates the effectiveness of the organisational development initiatives at the OPFA. What appears to require attention, according to the survey results, are aspects relating to Salaries and Benefits, as well as perceptions of OPFA as an Employer of Choice.

The survey mainly focused on a quantitative process. A qualitative study will be conducted in the first quarter of the 2023/2024 fiscal year, using Focus Groups to unpack results, identify root causes of non-favourable aspects and further recommend potential interventions for sustainable solutions.

Employee wellness

OPFA is committed to its employee wellness programme which called for the development and implementation of an annual employee wellness plan, with activities aimed at creating a safe and enabling working environment for all employees. The OPFA provides a free wellness service that is accessible to all employees and reports generated are used as an input to develop a responsive wellness plan.

HR Information System (HRIS)

The OPFA continues to implement its modernisation strategy which includes automating and integrating SCM, Finance and HR information systems. The HRIS was procured during the year under review with the aim of automating the HR processes to drive efficiencies and achieve operational excellence within the HR department. The HRIS implementation is at an advanced stage with expected completion in the 2023/24 financial year.

INFORMATION AND COMMUNICATION TECHNOLOGY (ICT)

During this reporting year, the ICT unit made strides in advancing the implementation of the OPFA digital plan by modernising existing systems, introducing new digital platforms, and expanding the organisation's digital footprint. These key strategic initiatives aim to support the OPFA in achieving its strategic objectives and mandate.

Furthermore, the ICT unit continued to improve the ICT security posture of the organisation through the implementation of various initiatives aimed at safeguarding the organisation's information assets and systems; and operations against cyber threats, data breaches, and other security risks. Given the hybrid working method in place, ICT security measures were enhanced to ensure that the OPFA staff are able to utilise ICT tools securely, delivering services to stakeholders without disruptions even when working outside the office (e.g. at home).

Maintaining an acceptable level of system uptime is a critical performance indicator for the ICT unit. In the reporting year, the system availability index was recorded at over 99% during office hours.

ICT Business Applications Modernisation

Implementing and enhancing digital systems that support the key strategic objectives of the OPFA, remain a key objective of the ICT unit. To support the OPFA's strategic objective of disposing of complaints in a timely manner, the Respond system, which is the core ICT system of the organisation, was upgraded, and new functionality and reports were introduced to support the evolving business requirements. Furthermore, new security features were introduced in the Respond system to safeguard it against potential ICT security risks.

In recent years, there has been a noticeable shift in the channels used for lodging complaints, with more complaints now being lodged electronically instead of through the walk-in channel. In response to this trend, the technology supporting the web channel was changed during the reporting year to make the OPFA website more robust and resilient. Additionally, the online complaint form was optimised to simplify the process of lodging complaints on the website. The new online form and platform also eliminated the need to recapture data that the complainant had already captured in the Respond system, resulting in improved turnaround times for case registrations in the office. This functionality will be enhanced in the subsequent financial years to continue building "the OPFA eChannel" as the premier channel for lodging complaints.

To support the walk-in channel, a kiosk was introduced in the office to allow more technology-savvy complainants who prefer in-person engagement to capture their information on a computer provided by the office. Additionally, an assisted channel was introduced where OPFA employees can capture complaints directly in the system whilst serving the complainant in the office. These new technologies aim to improve the case registration process and quick feedback to the complainants. These channels are still new, and their usage has not yet reached optimal levels. Further business and technology improvements will be implemented to enhance these channels and subsequently improve the case registration process.

In addition to finalising complaints expeditiously, stakeholders are keen to know the progress of their complaint. To address this need, the office has implemented an ICT functionality called the "Complaint's status check module" on its website. This module allows stakeholders, such as complainants and funds involved in the complaint, to view the progress of their complaint. This can be done at any time of the day using devices such as cell phones and computers, without having to contact the office telephonically. This process supplements the formal communication, such as letters, sent during the adjudication process. Additional improvements to this module will be made in the following fiscal years as part of the endeavour to implement an eChannel that accommodates contemporary methods of delivering the OPFA services (*See figure 1 below*).

To support the strategic objective of operational improvement, the OPFA has initiated a project to implement a commercially off-the-shelf solution for its Human Resources and Payroll functions. The project is being executed in two phases, with the first phase concentrating on the payroll and employee leave and claims management. The project is presently in the development phase and is scheduled to be implemented during the upcoming financial year. The second phase will focus on implementing modules that include Recruitment, Performance Management, Employment Equity, etc.

ICT Infrastructure Modernisation and Operations

In the reporting year, the digital infrastructure modernisation efforts were focused on improving the high resilience and availability of the infrastructure, while enhancing its scalability and performance. The modernisation of ICT infrastructure and platforms is an ongoing process that enables ICT to meet the evolving needs of the users. The emphasis on infrastructure resilience was driven by the need to ensure that our services remain available to our stakeholders (internal users and external website users).

In the reporting period, progress was made in improving the organisation's digital infrastructure by investing in network and hardware upgrades. The ICT team concluded the implementation of the new ICT Testing/Lab infrastructure and software, which allows the organisation to test different digital services before implementing them in production. The team also implemented more robust core switches to improve the ICT network layer. The IT service management tool was also implemented. This tool helps the organisation to implement a transparent service desk solution and entrench Information Technology Infrastructure Library (ITIL) principles. In addition, the configuration management solution was upgraded to support the organisation in managing some of the ICT processes like patching, in an automated manner. On the ICT infrastructure end-user computing, all the laptops that are out of warranty were replaced.

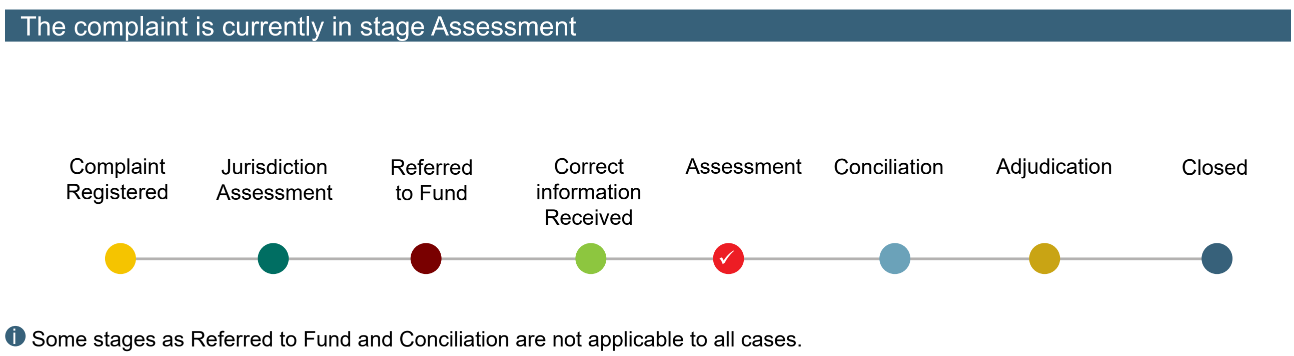


Figure 1: Complaints Status module for complainants to check the status of their complaints.

To attain an optimal operational environment for ICT and minimise business disruption, monthly maintenance weekends were scheduled to implement necessary enhancements and system patching. Incidents were addressed promptly on a daily basis, in accordance with agreed-upon service level agreements (SLAs). The following graph illustrates the availability of ICT systems over the last four years.

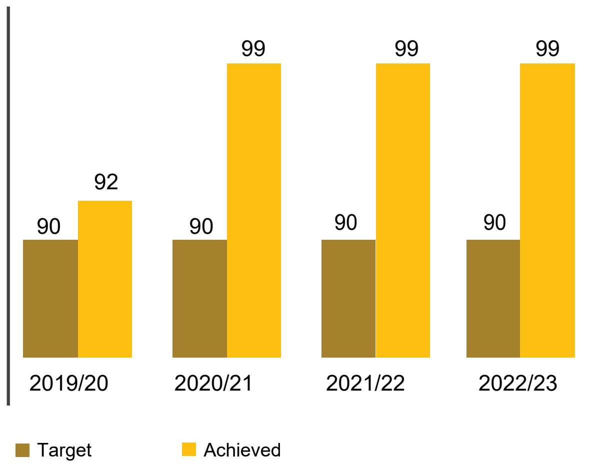


Figure 2: ICT System availability: Target vs Actuals

ICT Security and Business Continuity

To safeguard the OPFA information assets, systems, and operations from cyber threats, data breaches, and other security risks, the ICT team continued to improve the security posture of the organisation through the implementation of several initiatives. These initiatives included enhancing the security infrastructure, updating the Information and Cybersecurity policy, distributing ICT security awareness communication, and implementing security monitoring and incident response capabilities. Periodic vulnerability assessments were carried out and remediation plans were implemented to alleviate the risks identified in the assessments.

With the hybrid working model firmly in place, the ICT units made enhancements to the ICT security measures to ensure that staff members can continue to use ICT tools to deliver services without any disruptions. In the future, the ICT unit will explore emerging technologies and continue to enhance ICT security measures to mitigate the ever-evolving risks of cyber threats and data breaches.

In accordance with the OPFA Business Continuity and ICT Continuity plans, three successful disaster recovery tests were conducted, with the last two emphasising testing in a hybrid working model. Backups are taken according to the established policy and restoration tests are conducted to ensure the viability of the backup data.

ICT Governance

The OPFA continued to implement sound ICT governance practices to ensure effective and efficient management of its technological assets. As part of this effort, the OPFA's ICT governance framework was implemented in a phased approach. In addition, major ICT policies such as the Information and Cyber Security Policy were updated to reflect the current OPFA business operational environment and address emerging risks. The implementation of these policies was carried out using a risk-based phased approach and was overseen by various governance structures including the ICT Steering Committee and Management Committee. Furthermore, the Risk and Audit Committee provided oversight on the implementation of ICT plans, risk mitigation, and resolution of audit findings. This approach ensured that the OPFA continued to implement good governance practices in its ICT operations.

B-BBEE COMPLIANCE PERFORMANCE INFORMATION

Based on the verification conducted for the year under review, the OPFA received a level 8 B-BBEE status level of contributor, an improvement from the prior year. The OPFA is embarking on a transformation plan to address the compliance and performance.

The verification outcome is as follows:

	Weight	Scores achieved
Ownership	N/A	N/A
Management control	20	16.79
Skills development	25	9.53
Enterprise and supplier development	50	29.47
Socio economic development	5	0
Total	**100**	**55.79**

INDICATOR & DESCRIPTION	WEIGHTED POINTS	COMPLIANCE TARGETS (%)	SCORE ACHIEVED
MANAGEMENT CONTROL			
2.1 BOARD PARTICIPATION:			
2.1.1 Executive voting rights of black board members as a % of all board members	2	50%	2
2.1.2 Executive voting rights of black female board members as a % of all board members	1	25%	1
2.1.3 Black executive directors as a % of all executive directors	2	50%	2
2.1.4 Black female executive directors as a % of all executive directors	1	25%	1
2.2 OTHER EXECUTIVE MANAGEMENT			
2.2.1 Black executive management as a % of all executive managers	4	60%	4
2.2.2 Black female executive management as a % of all executive managers	2	30%	0
2.3 SENIOR MANAGEMENT – COLLAPSED INTO OTHER EXECUTIVE MANAGEMENT			
2.3.1 Black employees in senior management as a % of all senior management	0	0%	0
2.3.2 Black female employees in senior management as a % of all senior management	0	0%	0
2.4 MIDDLE MANAGEMENT:			
2.4.1 Black employees in middle management as a % of all middle management	2	75%	1.92
2.4.2 Black female employees in middle management as a % of all middle management	1	38%	0.97
2.5 JUNIOR MANAGEMENT:			
2.5.1 Black employees in junior management as a % of all junior management	2	88%	1.48
2.5.2 Black female employees in junior management as a % of all junior management	1	44%	0.97
2.6 EMPLOYEES WITH DISABILITIES			
2.6.1 Black employees with disabilities as a % of all employees	2	2%	1.45
TOTAL	**20**		**16.79**

INDICATOR & DESCRIPTION	WEIGHTED POINTS	COMPLIANCE TARGETS (%)	SCORE ACHIEVED
3.1 SKILLS DEVELOPMENT EXPENDITURE			
3.1.1 Skills development spend on learning programmes specified in the learning programme matrix spent for black people as a % of leviable amount.	9	6%	3.88
3.1.2 Skills development spend on learning programmes specified in learning programme matrix for black employees with disabilities as a % of leviable amount.	4	0.3%	0.05
3.2 LEARNERSHIPS, APPRENTICESHIPS AND INTERNSHIPS			
3.2.1 Number of black people participating in learnerships, apprenticeships and internships as a % of total employees	6	2.5%	5.6
3.2.1 Number of black unemployed people participating in training specified in the learning program matrix as a % of total employees	6	2.5%	0
BONUS POINTS			
Number of black unemployed people absorbed by the measured entity or industry at the end of the learnership, apprenticeship and internship programme under paragraph 3.2.1	5	100%	0
TOTAL	**25**		**9.53**

INDICATOR & DESCRIPTION	WEIGHTED POINTS	COMPLIANCE TARGETS (%)	SCORE ACHIEVED
4.1 PREFERENTIAL PROCUREMENT			
4.1.1 BEE procurement spend from all empowering suppliers based on the applicable BEE procurement recognition levels as a percentage of total measured procurement spend	5	80%	3.28
4.1.2 BEE procurement spend from all empowering suppliers that are QSE`s based on the applicable BEE procurement recognition levels as a % of total measured procurement spend	4	15%	3.66
4.1.3 BEE procurement spend from all EME`s based on the applicable BEE procurement recognition levels as a % of total measured procurement spend	5	15%	5
4.1.4 BEE procurement spend from empowering suppliers that are at least 51% black owned based on the applicable BEE procurement recognition levels as a % of total measured procurement spend	11	40%	8.28
4.1.5 BEE procurement spend from empowering suppliers that are at least 30% black woman owned based on the applicable BEE procurement recognition levels as % of total measured procurement spend	5	12%	5
4.1.6 Bonus points			
BEE procurement spent from designated group suppliers that are at least 51% black owned	2	2%	2

INDICATOR & DESCRIPTION	WEIGHTED POINTS	COMPLIANCE TARGETS (%)	SCORE ACHIEVED
4.2 SUPPLIER DEVELOPMENT			
4.2.1 Annual value of all supplier development contributions made by the measured entity as a % of the target	15	0.2% of Turnover	2.25
4.3 ENTERPRISE DEVELOPMENT			
4.3.1 Annual value of all enterprise development contributions and sector specific programmes made by the measured entity as a % of the target	5	0.1% of Turnover	0
4.4 BONUS POINTS			
4.4.1 Graduation of one or more enterprise development beneficiaries to the supplier development level	1	Yes	0
4.4.2 Creating one or more jobs directly as a result of enterprise or supplier development initiatives by the entity	1	Yes	0
TOTAL	**50**		**29.47**

INDICATOR	WEIGHTED POINTS	COMPLIANCE TARGETS (%)	SCORE ACHIEVED
Average Annual value of all Socio- Economic Development Spent and Sector Specific Programmes as % of target	5	0.1% of Turnover	0

PFMA COMPLIANCE REPORT

A. Information on Irregular, Fruitless and Wasteful Expenditure and Material Losses

Irregular Expenditure

a) Reconciliation of irregular expenditure

Description	2021/22	2022/23
	R'000	R'000
Opening Balance	R199 467,10	R39 293,00
Add: Irregular Expenditure confirmed	R39 293,00	-
Less: Irregular Expenditure condoned	(R199 467,10)	(R39 293,00)
Less: Irregular Expenditure not condoned and removed	-	-
Less: Irregular Expenditure recoverable	-	-
Less: Irregular Expenditure not recovered and written off	-	-
Closing balance	R39 293,00	R0

The irregular expenditure matter for R39 293 was identified by management in 2021/22 financial year. It relates to subscription services for library services for the OPFA and its stakeholders which were improperly extended. The expenditure was condoned in the 2022/23 financial year.

Reconciling notes

Description	2021/22	2022/23
	R'000	R'000
Irregular expenditure that was under assessment in 2022/23	-	-
Irregular expenditure that relates to 2021/22 and identified in 2022/23	-	-
Irregular expenditure for the current year	R39 293,00	-
Total	R39 293,00	R0

b) Details of current and previous year irregular expenditure (under assessment, determination, and investigation)

Description	2021/22	2022/23
	R'000	R'000
Irregular expenditure under assessment	R39 293,00	-
Irregular expenditure under determination	-	R39 293,00
Irregular expenditure under investigation	-	-
Total	R39 293,00	R39 293,00

c) Details of current and previous year irregular expenditure condoned

Description	2021/22	2022/23
	R'000	R'000
Irregular expenditure condoned	R199 467,10	R39 293,00
Total	R199 467,10	R39 293,00

d) Details of current and previous year irregular expenditure removed - (not condoned)

Description	2021/22	2022/23
	R'000	R'000
Irregular expenditure Not condoned and removed	-	-
Total	-	-

e) Details of current and previous year irregular expenditure recovered

Description	2021/22	2022/23
	R'000	R'000
Irregular expenditure recovered	-	-
Total	-	-

An amount of R256 828 of possible irregular expenditure from prior years is still under dispute. The OPFA lodged a dispute with the Auditor-General in September 2022 and the matter is still under consideration.

f) Details of current and previous year irregular expenditure written off (irrecoverable)

Description	2021/22	2022/23
	R'000	R'000-
Irregular expenditure written off	-	-
Total	-	-

Additional disclosure relating to Inter-Institutional Arrangements

g) Details of non-compliance cases where an institution is involved in an inter-institutional arrangement (where such institution *is not* responsible for the non-compliance)

Description
N/A
Total

h) Details of non-compliance cases where an institution is involved in an inter-institutional arrangement (where such institution *is* responsible for the non-compliance)

Description	2021/22	2022/23
	R'000	R'000
N/A		
Total		

i) Details of current and previous year disciplinary or criminal steps taken as a result of irregular expenditure

Disciplinary steps taken
Written warnings were issued to three officials for not preventing the irregular expenditure in the respective years.

Fruitless and wasteful expenditure

a) Reconciliation of fruitless and wasteful expenditure

Description	2021/22	2022/23
	R'000	R'000
Opening Balance	-	-
Add: Fruitless and wasteful expenditure confirmed	-	-
Less: Fruitless and wasteful expenditure written off	-	-
Less: Fruitless and wasteful expenditure recoverable	-	-
Closing balance	-	-

There was no fruitless and wasteful expenditure identified in the 2021/22 and 2022/23 financial year.

Additional disclosure relating to material losses in terms of PFMA Section 55(2)(b))(i) & (iii)

There were no material losses identified in the 2021/22 and 2022/23 financial year.

B. Information on late and/or non-payment of suppliers

Description	Number of invoices	Consolidated Value
		R'000
Valid invoices received.	475	R15 118 590,86
Invoices paid within 30 days or agreed period	475	R15 118 590,86
Invoices paid after 30 days or agreed period	-	-
Invoices older that 30 days or agreed period (unpaid and without dispute)	-	-
Invoices older that 30 days or agreed period (unpaid and in dispute)	-	-

The OPFA is committed to ensuring the Small, Micro and Medium enterprises are paid on time and remain financially sustainable. In the 2022/23 financial year 100% of valid supplier invoices were settled within 30 days.

C. Information on Supply Chain Management

Procurement by other means

There was no procurement classified as *Procurement by other means* in the 2022/23 financial year.

Contract variations and expansions by more than 15%

Project description	Name of supplier	Contract modification type (Expansion or Variation)	Contract number	Original contract value	Value of previous contract expansion/s or variation/s (if applicable)	Value of current contract expansion or variation
				R'000	R'000	R'000
International Travel-IPE-BLA Conference	NAC Travel	Variation	PO-1333	R101 480	R1 225	R53 500
Provision of Internet and Email Services	Liquid Intelligent Technologies	Variation	OPFA/INEM2017/T3	R2 878 645	-	R585 000
Total						R638 500

All contract variations during the 2022/23 financial year were approved by the delegated authority.

MESSAGE FROM THE LEGAL DESK

Mr NE Essop
Senior Legal Advisor

The existence of a statutory ombud in the retirement system creates value for all its stakeholders. Members are the most important of stakeholders and without the support of members the system would likely collapse to the detriment of all other stakeholders. One of the reasons why members are confident in investing their earnings into retirement funds is that there is a strong sense of accountability for any deviant conduct. This confidence must be attributed to generally ethical behavior by financial institutions, a well-respected regulator and a responsive ombud. If these institutions are seen to be inefficient in fulfilling their obligations, the trust in the system is eroded and members are likely to withdraw their savings.

The expeditious disposal of complaints by the Office of the Pension Funds Adjudicator (OPFA) serves the interests of complainants, funds, administrators, and employers alike. It allows for a speedy, cost effective and fair resolution of disputes and avoids lengthy and costly litigation being played out in the courts. This is a service that is funded by retirement funds and their members through the imposition of levies. The OPFA has to play its part by ensuring that it acts in a manner that is both procedurally and substantively fair and does not delay outcomes of investigations. It is also incumbent on industry stakeholders to ensure that the OPFA does not face unnecessary obstacles in the efficient fulfilment of its mandate. Any action that hinders the OPFA process causes a deterioration of the trust that members have in the system and any action that assists the OPFA process serves to strengthen that trust.

Two recent developments are worth mentioning once again in this years' message as having enhanced that trust. The first of which was the Financial Services Tribunal (FST) continuing its sterling work of providing a further efficient alternative dispute resolution mechanism to aggrieved parties and providing proper guidance on legal issues relating to pension fund disputes. The OPFA continues to draw from FST decisions and seeks to implement the learnings gained therefrom in its determinations.

The second development that is worth mentioning was the introduction of the RtF (refer-to-fund) process by the OPFA. The RtF process allows the fund an opportunity to resolve a dispute directly with a potential complainant before the complaint is formally registered as such. This process allows funds to get closer to their members and understand their grievances. It creates an opportunity for learning and improvement to systems. This has assisted the OPFA to close a notable number of cases without formal intervention because funds have grabbed the opportunity to deal with their members directly. Members' trust in the process has also been enhanced because they have learnt that the people charged with the control of their retirement funds are in fact accessible and willing to resolve their complaints.

However, some funds are guilty of failing to take advantage of the RtF process as there appears to be very little or no attempt at all on their part to resolve complaints directly with their members. Other funds have been habitually uncooperative by failing to provide proper responses to complaints. Failure to provide proper responses to complaints delays the outcome of investigations and thereby erodes trust. The OPFA continues to report these habitual offenders to the FSCA for regulatory intervention.

In last years' report, the OPFA called for the codification of the TCF principles applicable to retirement funds to empower the Adjudicator to make binding determinations consistent with such principles. This development is close with the passing of the Conduct of Financial Institutions Bill (COFI Bill) being imminent. Once the COFI Bill is passed, the OPFA will prevail on the FSCA to issue conduct standards under the COFI Bill that will penalise the failure to comply with information requests by the OPFA. This development will be further enhanced by the introduction of Ombud Council procedural rules applicable to the OPFA that are currently being developed in terms of section 201 of the Financial Sector Regulation Act, 2017.

The South African retirement fund system stands on the precipice of a dynamic shift which will see the introduction of compulsory preservation in the form of the "two pot" retirement system. This system will compel members to preserve at least two thirds of their retirement benefit until retirement age in a retirement component. Members will, however, be allowed to access a certain percentage of the remaining one third on an annual basis even whilst employed from the savings component. There is a third component to the two-pot system called the vested component that will require retirement funds to value a member's retirement interest on the date immediately prior to implementation date, which is intended to be 1 March 2024. The vested component will be subject to the current regime which allows members to withdraw their full benefit upon exit from their employer. Once the proposed system comes into effect, members will no longer be able to make contributions to their vested component. This will however not apply to members of provident funds who were 55 years or older on 1 March 2021. These members have the ability to continue making contributions into their vested component and this will apply until they either retire from or leave the fund they were a member of on 1 March 2021.

The communication by funds to members around these proposed changes is crucial and forms part of a fund's duty towards its members. It is important that members understand what they will be entitled to under the new system and what they will no longer be entitled to. The tax implications should also be communicated. Funds should optimise the reach that they have to members by issuing communication that is complete and paints the full picture for members. It is worth mentioning that the OPFA still receives a notable number of complaints pertaining to early access to retirement annuities. This is an indication that the laws pertaining to early access were not efficiently communicated to members by the respective retirement annuity funds. Failure to communicate the full effects of the two-pot system is, therefore, likely to result in an escalation of complaints on a similar basis. Actions to mitigate such an outcome should, therefore, be implemented.

Another concern pertaining to the two-pot system is whether administrators will have their systems in place in time to implement the two-pot system. Industry players have repeatedly voiced their concerns on this issue stating that there might not be enough time between the passing of the final legislation and the implementation date to allow systems to be updated. This is certainly a source of concern for the OPFA as it may result in members queuing at administrators' doors on the implementation date for early access and if administrators' systems are not ready, this will be a new source of complaints.

Record keeping measures will need improvement. The lack of adequate responses to the RtF process or complaints is often attributed to poor record keeping which in turn creates fertile ground for disputes. The OPFA's experience is that record keeping is generally of a poor standard. This is another source of concern as members in the two-pot system will need to be kept updated on the value of their benefits and which parts thereof form the vested component, savings component, and retirement component as well as the effect thereof. Administrator systems will need to cater for records that are accurately reflected and continuously updated with changes in the value of benefits due to investment return and/or new contributions in each component. If this is not handled correctly, dissatisfaction and mistrust in the proposed system is likely to ensue.

If anything, interesting times lie ahead but we have also dealt with some interesting determinations over the past year. The next section of this report provides a summary of important determinations issued by the Adjudicator pertaining to the OPFA jurisdiction, death benefits and withholding of benefits.

Naheem Essop
Senior Legal Advisor

SUMMARY OF IMPORTANT DETERMINATIONS

PFA jurisdiction – Section 14 transfers

The Board of Nampak Group Pension Fund v Nampak Contributory Provident Fund (WC/00082200/2021) and (FST Case No. PFA40/2022)

The complaint lodged with the Adjudicator was against the Provident Fund's decision to exclude a share of its risk reserve from the section 14 transfer value (approved in 2014 by the then FSB) from the Provident Fund to the Pension Fund.

The OPFA closed the matter as being out of jurisdiction:

- it related to section 14 transfer that was approved by the FSB.
- the OPFA held that it did not have the jurisdiction to overrule FSB/FSCA decisions.

The issue pertaining to the inclusion of a share of the risk reserve account in the section 14 transfer value was part of the issues submitted to the FSB for consideration prior to its approval of the transfer during 2014.

It is clear that during the section 14 transfer application, no provision was made for the inclusion of a share of the risk reserve account in the transfer value.

The FSCA approved the section 14 transfer and issued a certificate in terms of section 14(1)(e) of the Act confirming that it was satisfied that the provisions of section 14(1)(a) to (d) were satisfied.

The FSCA is legislatively mandated to deal with section 14 transfers. The FSCA is also clothed with various regulatory powers including the power to amend and withdraw certificates issued in terms of section 14(1)(e) - see section 14(6) of the Pension Funds Act, 1956.

The Adjudicator has no authority to set aside a decision of the FSCA. See ***Joint Municipal Pension Fund and another v Grobler and others*** [2007] 4 All SA 855 (SCA) at paragraphs [26] to [28].

The complainant was referred to the FSCA. FST agreed that the Adjudicator did not have jurisdiction citing ***Makhanya v University of Zululand*** 2010 (1) SA 62 (SCA), "*that a claim, which exists as a fact,*

Standing: (left to right) Naheem Essop, Muvhango Lukhaimane, Lucas Flink, Carmen Kotshoba *is not capable of being converted into a claim of a different kind by the mere use of language…"*

Section 37C death benefit distribution

***NE Lipali v Afrox Provident Fund and Others* (GP/0006328/2019)**

Reconsidered determination after the original determination was set side by the FST and remitted on the grounds that the deceased's siblings were not added as parties to the original complaint.

The deceased passed away leaving behind 2 siblings and a nominee. The nominee used to be the deceased's fiancé however their relationship had ended 4 years prior to his death.

Prior to his death he had informed a work colleague that he intended to substitute his former fiancé with his sister as a nominee. Shortly prior to his death, he attended at the employer's HR department together with his siblings to collect a beneficiary nomination form and nominate his sister but was unable to complete prior to his death due to his ill-health. The deceased's siblings indicated that upon leaving the HR department he informed them that he had impregnated a woman many years ago and that he wished to contribute towards the child. He thereafter attended with his brother at the woman's last known place of employment, and they were told that the woman's whereabouts were unknown. Her employers could also not verify that the woman was pregnant at any stage.

The deceased's parents had predeceased him. He passed away intestate on 3 December 2019. The siblings claimed that 100% of the death benefit should be paid to them as they fell into all 3 categories of dependants i.e. legal, factual and future. The ex-fiancé claimed that she was a nominee and that she should accordingly be paid the death benefit.
The fund resolved that:

- The death benefit should not be paid out to allow a "reasonable time" for the unknown child to come forward. If the child comes forward, then 100% of the benefit should be paid to the child. If the child does not come forward, then the benefit should be shared equally by the siblings.
- The fund's justification for the siblings qualifying as dependants was that it was highly unlikely that the ex-fiancé would have become financially dependent on the deceased whereas it is possible that the siblings would have become financially dependent on the deceased since they were both older than him.

Seated: (left to right) Tshegofatso Shai, Sibusiso Nkosi, Fortunate Mashoene.
Standing: (left to right) Neo Mashigo, Tshepo Dooka-Rampedi, Khutso Lephoto, Mashudu Matovheke, Fikile Nxumalo, Gift Mudau, Polo Shwaepane

The Adjudicator held:

- The administrator conducted a substantial investigation into the whereabouts of the alleged minor child and mother and could not find any trace of them.
- Even if the minor child existed, it is clear that there was no actual dependency that the deceased provided.
- It was not clear what the board meant by allowing a “reasonable time” to lapse but the board should adhere to the 12-month period referred to in section 37C.
- The board’s decision to allocate 100% of the benefit to a minor child which it has no prospect of tracing or any evidence to suggest that the alleged minor child even exists, is completely irrational and must be set aside.
- In order for the siblings to qualify as future dependants, they must be someone in respect of whom the member would have become legally liable for maintenance.
- Our common law provides that a person can become liable to maintain their siblings if two factors are present viz. the sibling must be indigent (in the true sense of the word); and the sibling must be unable to claim maintenance from their blood relations that fall within the first degree of consanguinity i.e. their parents and/or their children.
- The siblings did not make any submissions to the fund pertaining to satisfying the two requirements that must be present when maintenance can be claimed from a sibling, and these are matters that must be investigated by the fund. The siblings claim of factual dependency also required further investigation by the fund.
- In respect of the nominee, the evidence did not support a finding that she was the permanent life partner of the deceased.
- The fund would be entitled to consider the nature of the relationship between the deceased and the nominee. The fact that she is a nominee does not necessarily mean that she should receive a portion. She could be allocated 0%.
- If it was proven through the fund’s investigations that the siblings were dependants, then there would have to be an equitable distribution between the siblings and the nominee.

ORDER: fund’s decision set aside, fund to investigate siblings’ dependency, and thereafter decide on an equitable distribution.

Seated: (left to right) Thamsanqa Mbambo, Silas Mothupi, Sibongile Nkabinde.
Standing: (left to right) Thabang Mabule, Atlegang Tshidi, Steven Mphela, Thamsanqa Maphasa, Lindelani Mkhize

PFA jurisdiction – Divorce Orders

***M Barnard v Momentum RA and Others* (PFA/GP/00080145/2021)**

The complainant was divorced from the deceased member. She claimed that during their marriage the deceased was financially irresponsible and that she had taken out a retirement annuity policy in his name, paid the contributions and made it paid up prior to their divorce.

She submitted that in their divorce settlement, they had agreed that if the deceased member predeceased her, the benefit would be paid to her. She intended to divide the benefit between their two sons who were aged 21 and 23 at the time.

She claimed that since she paid for the policy, was the nominee on the policy, was named in his will and was recorded in the divorce settlement as a beneficiary then she should have been awarded the death benefit.

The deceased had a life partner whom he had been in a relationship with for 18 months prior to his death. They were engaged to be married.

The fund submitted that although the complainant was married to the deceased for 21 years, she was not financially dependent on him at the time of his death nor was there a maintenance order in her favour following their divorce.

The children of the deceased submitted affidavits to the fund stating that they were not financially dependent on the deceased.

The fund submitted that the deceased's life partner shared a joint household with him, and they shared expenses. She fell within the definition of "spouse" as a permanent life partner of the deceased.

Based on certain assumptions with regard to the permanent life partner's level of dependency on the deceased and her projected life expectancy, the life partner's dependency was calculated by the fund to be R657 094.00. Considering that the amount available for distribution was only R91 761.00, the fund allocated 100% of the benefit to the deceased's permanent life partner.

The fund submitted that the nomination form was not binding and only serves as a guide to the board which the board may not use to fetter its discretion.

Since the value of the benefit was insufficient to cover the life partner's loss of support, the fund decided not to allocate a portion to the complainant based on the nomination form.

Seated: (left to right) Dolly Sibanda, Wilana Groenewald, Hlayisani Makhubele.
Standing (left to right) Regomoditswe Loate, Nobuhle Ngqulunga, Sbongile Jamekwane, Nhlayisi Mangwani, Lerato Mokoena.
Back Row - Steve Mphela, Sylvia Arendse, Tonny Kedikilwe, Madumetja Mogale, Yanelisa Mamba, Lerato Lebogo

Seated: (left to right) Nontobeko Bhila, Nndwakhulu Kutama, Hulisani Neluheni.
Standing: (left to right) Tinyiko Shihundla, Fikile Ledwaba, Fezile Sithole, Yolande van Tonder, Nobuhle Ngqulunga, Pamela Mpofu

The Adjudicator held:

- The permanent life partner qualified as such, and the period of their relationship did not matter. They shared a household and shared expenses, and she was entitled to be considered for an allocation.
- The board is not bound by a Will, or a nomination form completed by the deceased. Instead, same serves merely as a guide to assist the board in the exercise of its discretion. If the board strictly adheres to the Will or nomination form, then it cannot exercise its discretion equitably and would thereby fetter its discretion.
- The deceased was survived by dependants and a nominee. The fact that the complainant was nominated does not automatically give her a right to receive a portion of the death benefit.
- Considering that the complainant and her children were majors who were not dependent on the deceased at the time of his death and that the permanent life partner shared household expenses with the deceased, the board did not act irrationally in allocating 100% of the benefit to the permanent life partner.
- Section 37C vests the board with discretionary powers to decide on the proportions and the manner of distributing a death benefit.
- The Adjudicator was satisfied that the board considered relevant factors and ignored irrelevant factors. Complaint dismissed. (FST agreed – Case no. PFA38/2022)

Section 37C – Death benefits
L Dickson v Netcare Pension Fund and Another (PFA/WC/00065907/2020)

The complainant was nominated by the deceased to receive 100% of the benefit. The deceased passed away on 21 June 2019 and the nomination form was completed in 2004. The fund allocated 100% of the benefit to the deceased's mother.

The complainant submitted: The deceased was raised by her grandparents from the age of four months and majority of her life she had an estranged relationship with her mother. The mother lived in the UK until her retirement and then relocated to South Africa where she lives off her pension and rental income from her 5-bedroom house.

The mother is 73 years old, resides on her own and only has herself to fend for. During 1999 to 2008, the complainant and the deceased were in a romantic relationship and engaged and despite the break-up they retained a close friendship and agreed to keep their nominations unchanged as she also did with her PPS policy. Further that this was the deceased's wish.

The complainant submitted that the board's decision be revised to reflect a more equitable split between her and the deceased's mother. According to the complainant, a fair and equitable award would be 50% each.

The fund submitted that the board had to consider the deceased's Nomination of Beneficiary Form completed in 2004, in which the complainant was nominated to receive 100% of the death benefit, against the Deceased's addendum to her will in which she had nominated her mother to receive 100% of her death benefit in 2017. Further, that since the deceased had not updated the said form, the board elected to rather allocate 100% of the deceased's death benefit to the deceased's mother in line with the will and in line with the submitted proof of financial dependency on the deceased.

The Adjudicator held:

- a nominee is not entitled to be considered as a beneficiary because she was financially dependent on the deceased. The entitlement stems from the fact that the person concerned was nominated by the deceased and nothing more is required. A nominee does not have to prove that she was financially dependent on the deceased at the time of death.
- The deceased's mother qualified as a dependant because the deceased did provide financial support to her. Therefore, the provisions of section 37C(1)(bA) of the Act apply because there is both a dependant and a nominee.
- The board failed to consider the extent of the deceased's mother's financial dependency on the deceased and the fact that she is the sole heir to the deceased's entire estate including a 50% share of a house, is receiving a pension, receives income from rental property she owns in Somerset West, Cape Town and the amount is large enough to cover her living expenses and pay a portion to the complainant.
- The Adjudicator found that the fund failed to conduct a proper investigation.
- Fund's decision was set aside and ordered to reinvestigate.

Section 37D – Withholding of benefits.

B Molose v Corporate Selection RUF **(PFA/GP/00078954/2021)**

The complainant was dissatisfied with the employer's failure to sign his withdrawal claim form. He submitted that he had sent numerous emails to the employer without a response and despite accepting his resignation, the employer did not submit his form to the fund for processing his benefit. This was also confirmed to him by the fund.

The fund submitted that the withdrawal form was signed by the complainant on 16 February 2021 and

Standing: (left to right) Regomoditswe Loate, Given Maswanganye, Lalita Jadoonandan.
Seated: Busisiwe Dhlamini and Fortunate Mashoene

Seated: (left to right) Qabuka September, Serati Ntsimane. Standing: (left to right) Tintswalo Shibambu, Nana Ntenga

only received on 9 March 2021. The form was not signed by the employer, and it was informed by the financial adviser that the employer had laid criminal charges against the complainant for theft.

The employer accused the complainant of stealing an amount of R40 000 from its safe. It reported the matter to the SAPS which held the accused in custody for 48 hours before releasing him without charge.

The fund requested the employer to provide it with either a written admission of liability or summons evidencing that it had instituted civil proceedings against the member. The fund also requested confirmation that the criminal case against the member was still being pursued.

The employer advised that it did not have a written admission of liability, no civil summons was issued because it was too costly and that the criminal case was not continuing due to police incompetence.

Based on the aforesaid, the fund decided that it would no longer withhold the benefit and that payment to the complainant would be made. However, at the time of the Adjudicator's determination, still no payment had been made by the fund to the complainant.
The Adjudicator held:

- The fund was not in possession of any facts that could reasonably justify the continued withholding of the member's benefit on the basis of a *prima facie* case.
- The criminal case appears to be abandoned on the basis of insufficient evidence and the employer has not instituted civil proceedings against the member.
- The mere opening of a criminal case cannot in and of itself constitute good grounds for the fund to withhold the benefit.
- The employer was not pursuing civil action as it deemed the costs to be too high. A significant amount of time had lapsed and even in respect of the criminal proceedings there appears to be no movement.
- Fund ordered to pay the complainant's withdrawal benefit. (FST agreed – Case no. PFA8/2022)

Section 37D - Withholding

***GJ Schindehutte v Alexander Forbes RF* (PFA/GP/00073788/2021)**

On 31 January 2021, the complainant submitted a complaint relating to the non-payment of contributions by his employer and the failure by his employer to sign and submit his withdrawal form to the fund for processing.

The complainant was employed from February 2007 to August 2013 and the Adjudicator held that she was time barred from investigating the complaint relating to the non-payment of contributions. However, in respect of the withdrawal benefit, the complaint was not time-barred in relation to the fund as it acknowledged that it held a fund credit for the complainant, which it would upon receipt of a withdrawal claim form and an instruction from the Adjudicator.

The fund submitted that it was yet to receive a specific reason from the employer for refusing to sign the complainant's withdrawal benefit.

The employer stated that a fraud occurred within the department which was managed by the complainant. Thus, the employer would like to recover the loss it incurred from the complainant's withdrawal benefit.

The Adjudicator held:

- The facts indicate that the fund did not receive any instructions from the employer to withhold the complainant's withdrawal benefit and the complainant was not aware of the alleged fraud allegations levelled against him.
- The employer did not even lodge a criminal case against the complainant or advance any case that warrants the withholding of the complainant's withdrawal benefit in terms of section 37D(1)(b)(ii) of the Act.
- The employer's submissions were without merit. Besides, almost eight years had passed since the complainant left employment. This was a clear abuse of process by the employer.
- The Adjudicator also reprimanded the fund for failing to make payment.
- The fund was ordered to pay a withdrawal benefit plus interest upon receipt of completed withdrawal form by the complainant and the fund to condone absence of employer's signature.

Section 37D - Withholding

***Gooderson Leisure Corporation v Old Mutual SF and Another* (PFA/KN/00086631/2022)**

The employer lodged a complaint against the fund for its refusal to deduct a compensation claim on the basis of a sequestration order. The employer sought in the alternative that the fund be ordered to withhold the benefit pending the outcome of criminal proceedings against the member.

Seated: (left to right) Sagwati Chauke, Wonder Dila, Gomotsegang Magaseng
Standing 2nd Row: Virginia Rakgotho, Nana Ntenga, Thembelihle Mabuza, Johanna Motaung, Magadi Tshitannye
Standing 3rd Row: Zanele Zwane, Malakia Raedani, Sthembiso Shabalala, Yonela Mapini, Lufuno Balibali,
Vusi Mthembu, Tintswalo Shibambu, Sphamandla Dube, Bulelani Makunga

The complainant applied for and obtained a sequestration order against the member on the basis of allegations of theft and fraud made against the member in terms of which the member was alleged to have created fictitious employees on the complainant's payroll system and paid the salaries of such employees into bank accounts controlled by the member.

The complainant argued that the sequestration order constituted a civil judgment and, therefore, met the requirement in terms of section 37D(1)(b)(ii) of the Act. However, should the Adjudicator not accept its contentions in relation to the sequestration order, it requested an order that payment of the member's withdrawal benefit be suspended pending the outcome of the criminal proceedings against the member.

The fund refused to deduct stating that the Insolvency Act, 24 of 1936 (the "Insolvency Act") sets out the rights and obligations of the insolvent during sequestration proceedings.

According to the fund, section 23(7) of the Insolvency Act specifically excludes a pension benefit to which a member is entitled to, from falling into his insolvent estate. Consequently, creditors cannot lay a claim thereto.

The fund stated that it granted the complainant 30 days to provide a signed AOD or institute civil proceedings in respect of the alleged damage caused by the member. The complainant failed to provide the administrator with a signed AOD, or proof of civil proceedings instituted against the Member.

The member stated that a final sequestration order was granted. She appealed the matter in the Supreme Court of Appeal. However, her appeal was dismissed. She was unable to approach the Constitutional Court due to her illness and financial constraints.

The member stated that the complainant was paid from her estate and the sequestration proceedings were finalised. The amount in respect of the sequestration proceedings was quantified as R2 467 448.54. The amount that remains unrecovered is to be dealt with in criminal proceedings.

The member submitted that since her exit from the employer, she has not applied for her withdrawal benefit from the fund.

The Adjudicator held:

- Read in context, the purpose of section 23(7) of the Insolvency Act is to entitle an insolvent to sue, without reference to his trustee, for any pension to which he may be entitled for services rendered by him. It does not provide an absolute bar to a member's benefit forming part of the member's insolvent estate.
- In terms of section 37B, a member's pension benefit to which he becomes entitled is protected from forming part of the assets in the insolvent estate of a member and may not be attached or appropriated by the trustee of his insolvent estate or by his creditors. That protection, however, does not extend to *inter alia* claims made by an employer against a member's benefit under section 37D of the Act.
- The sequestration order was granted solely on the basis of the complainant's claim against the member for damages it suffered as a result of theft and fraud perpetrated by the member against the complainant.
- The claim, according to the Court's judgment, met the requirements of section 9(1) of the Insolvency Act and, therefore, was sufficiently proven to enable the complainant to obtain a sequestration order against the member.
- The Court found that the complainant's proven claim against the member was in the amount of R2 467 448.59. At paragraph [12] and [13] of its judgment granting the sequestration order, the Court found that the complainant's claim against the member was a liquid one based on theft of monies belonging to the complainant.
- Such conduct falls squarely within the ambit of section 37D(1)(b)(ii) of the Act and the complainant obtained a judgment against the member in respect of such conduct. The section does not specify the type of judgment that must be obtained. It states that it can be the judgment of any court including the magistrate's court.
- The purpose of section 37D(1)(b)(ii) is to protect the employer's right to pursue the recovery of money misappropriated by its employees. Since the Court accepted that the complainant's claim was a liquid one based on theft and fraud committed by the member, and since it based its judgment granting sequestration solely on the complainant's claim against the member, the Adjudicator accepts

that the complainant is entitled, by virtue of the sequestration order, to a deduction.

- However, section 37D(1)(b)(ii) requires that the deduction take place on the date of the member's retirement or on which the member ceases to be a member of the fund. The member indicated in her submissions that since her exit from the employer on 8 December 2016, she has not applied for her withdrawal benefit from the fund.
- The complainant is not entitled to a deduction and payment at this stage because the deduction can only take place on the date on which the member retires or ceases to be a member of the fund.
- The Adjudicator is acutely aware that this means that a member may continue to frustrate an employer by simply not submitting a withdrawal claim form. However, the wording of the section is unambiguous and in interpreting same, the Adjudicator may not depart from it.
- The anomaly brought about by this wording is being addressed through consequential amendments in the COFI Bill. However, the Adjudicator is at this stage bound by the current wording.
- The issue pertaining to whether a fund may withhold a benefit pending the outcome of criminal proceedings has been dealt with by the Financial Services Tribunal on several occasions, where it has held that a fund may not do so.

Order: The complainant is entitled to a deduction from the member's benefit in terms of section 37D(1)(b)(ii) of the Act on the date of the member's retirement or on which the member ceases to be a member of the fund.

OUTLOOK

The OPFA is part of a larger system of financial services ombudsmen. A specialist tribunal that aspires to be an arbiter of choice and a respected institution that makes binding and sound determinations in pension fund complaints, with a mission to resolve complaints professionally and expeditiously in terms of the Pension Funds Act, guided by the values of:

- Professional and technical competence,
- Integrity,
- Collaboration,
- Stakeholder synergy,
- Respect and dignity, and
- Impartiality

As the financial sector embraces the implementation of the Twin Peaks model of regulation in South Africa, the role of the Office of the Pension Funds Adjudicator (OPFA) continues to evolve to meet the strategic objective of treating complainants and stakeholders fairly. The current reform initiatives under Twin Peaks regime seek to address the shortcomings of the current system.

The recent amendments to legislations, specifically the Pension Funds Act, led to the evolution of the Pension Funds Adjudicator to an Accounting Officer for the OPFA entity, with direct accountability to the Minister of Finance with effect from 1 April 2023. With this shift, the transition plan will make provision for an optimal management structure to lead the organisation into the future and streamlining of governance structures to ensure continuity in good governance and compliance to the mandate delivery objectives.

The mandate execution of the OPFA will be positively influenced by the establishment of the Ombud Council in terms of the Financial Sector Regulation Act, 2017 ("FSR Act"), to oversee the operations and governance of ombud in the financial services industry. The objective of the Ombud Council is to assist in ensuring that financial customers have access to affordable, effective, efficient, independent and fair alternative dispute resolution processes for complaints about financial institutions in relation to financial products and services. The outcomes of these reforms are expected to significantly improve in embedding the 'Treating Customers Fairly' principles throughout the financial services industry.

The office has conducted a complaints management process re-engineering exercise to ascertain possible opportunities for more efficiencies including improving its systems and processes.

Over the medium term, the key strategic priorities for the OPFA are in the main to reduce the administration related to complaints by improving stakeholder engagements and encouraging complainants to use internal dispute resolution processes; find innovative ways to intensify outreach programmes for more consumer awareness; develop service standards in order to measure the impact of the service offering to complainants and other stakeholders; and optimise the resources of the office to meet the increased mandate and number of complaints.

ANNUAL PERFORMANCE INFORMATION REPORT

Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement 2022/2023	Reasons for deviations
1.1 New Complaints Unit (NCU) to finalise matters received expeditiously	1.1.1 Acknowledge receipt of complaints within 2 working days of such receipt	1.1.1 Percentage (%) of complaints received and acknowledged within 2 working days **This indicator does not include walk-in complaints*	New KPI	**Not achieved** 90% acknowledged within 2 days	**100%**	**Not achieved** 99.75% acknowledged within 2 days	0.25% (19/7489 of complaints received were not acknowledged within 2 days).	• Rotation of positions at NCU **Remedial Actions** • Consequence management for failure to acknowledge receipt of faxes
	1.1.2 Refer complete premature complaints to respondents for resolution directly with the complainant within 5 working days of receipt	1.1.2 Percentage (%) of complete premature complaints referred to respondents by the NCU within 5 working days	**Not achieved** 93% of complaints allocated within 5 working days – Received 7 014 complaints.	**Not achieved** 94% of complaints referred to respondents within five working days	**100%**	**Not achieved** 97.30% referred to respondents within five working days	2.70% (194/7182) of complaints not referred to respondents within five working days)	• Complaints were attended to late and some were received upon reopening of office in January 2023 captured after 5 days. **Remedial action:** • Clarified Interpretation of workflow process document related to complaints received during December office closure and those received upon reopening of office in January.

Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement 2022/2023	Reasons for deviations
	1.1.3 NCU to close complaints allocated for closure within 2 working days as: • Abandoned, • Withdrawn, • Duplicates, • Out of jurisdiction	1.1.3 Percentage (%) of complaints closed by the NCU within 2 working days as: • Abandoned • Withdrawn • Duplicates • Out of Jurisdiction	New KPI	**Achieved** 100% closed within 2 working days Abandoned: 392 Withdrawn:30 Duplicates:65 Out of -Jurisdiction:0 Reformuations:2	**Achieved** 100%	**Achieved** 100% Abandoned: 482 Withdrawn:36 Duplicates:141 Out of -Jurisdiction:0	**Not Applicable**	**Not Applicable**
1.2 Dispose of complaints in a procedurally, fair, expeditious resolution of complaints in terms of the ACT	1.2.1 Case Management Unit (CMU) to refer complaints that were initially referred by the NCU to respondents for a reply within 5 working days of receipt from NCU/ ER	1.2 .1. Percentage (%) of complaints referred by CMU that were initially referred by the NCU to respondents for a reply within 5 working days of receipt from NCU/ ER	New KPI	New KPI	90%	**Not achieved** 87% (3083 / 3548) (complaints of complaints referred by CMU that were initially referred by the NCU to respondents for a reply within 5 working days of receipt from NCU/ ER	13% (465 / 3548)	• Case Officers not serving complaints on time • Bulk complaints received resulting in complaints not served within 5 days. • Failure to monitor case movement by Team leaders **Remedial action:** • Line managers to closely monitor case movement • Consequence management for failure to serve complaints timeously • Consequence management for failure to effectively manage case movement

Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement 2022/2023	Reasons for deviations
1.2 Dispose of complaints in a procedurally fair, expeditious resolution of complaints in terms of the ACT	1.2.2 Finalised complaints with time taken to resolve them	1.2.2. Percentage (%) of complaints finalised within set timeframes	**Not achieved** New KPI	**Not achieved** 94% of complaints finalised within six months of receipt, 99% within nine months	To finalise 85% of the complaints within six months of receipt, 100% within nine months with the exception of cases that are under curatorship and/ or reopened due to reasons not within the OPFA's control	**Not achieved** 82% (5775 / 7076 complaints finalised within six months) 97% (6843 / 7076 complaints finalised within nine months) 7076 cases were finalised as follows: Determinations: 4368 Settlements: 1382 Out of jurisdiction: 1326	18% (1301 / 7076 complaints not responded to within six months) 3% (233 / 7076 complaints not responded to within nine months	• Delay in filing responses by respondents • Poor quality responses requiring further investigations • Failure to attend to complaints timeously • Failure to monitor case movement by Team leaders **Remedial action:** • Strengthening of stakeholder engagements • Consequence management for failure to effectively manage case movement
	1.2.3 Case Management unit to close complaints allocated for closure within 2 working days as: • Abandoned, • Withdrawn, • Duplicates, • Out of jurisdiction	1.2.3 Percentage (%) of matters allocated for closure at CMU closed within 2 days as: • Abandoned • Withdrawn, • Duplicates, • Out of jurisdiction	New KPI	**Not achieved** 99% closed within 2 working days	**100%**	**Achieved** 100% Abandoned: 25 Withdrawn:43 Duplicates:6 Out of -Jurisdiction:1326	**Not Applicable**	**Not Applicable**

Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement 2022/2023	Reasons for deviations
	1.2.4 Minimise percentage of OPFA determinations remitted by the Financial Sector Tribunal (FST) for reconsideration on the same facts	1.2.4 Percentage (%) of OPFA determinations issued remitted for reconsideration by the FST on the same facts	**Not Applicable** (New KPI)	**Not Applicable** (New KPI)	≤1 % of signed-off determinations remitted on the same facts	**Achieved** ≤1 % (1 / 4368 signed-off determinations remitted on the same facts)	**Not Applicable**	**Not Applicable**

Programme 2: Achieve operational excellence

Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement 2022/2023	Reasons for deviations
2.1 Achieve operational excellence and clean administration and enhance reporting	2.1.1 Management and Audit Report with no material findings that will lead to a qualified opinion.	2.1.1 Unqualified audit opinion	**Achieved** Unqualified audit opinion with no material findings	**Achieved** Unqualified audit opinion with material findings on compliance	Unqualified audit opinion.	**Achieved** Unqualified audit opinion.	**Not Applicable**	**Not Applicable**
	2.1.2 A percentage of Supplier invoices paid within 30 days	2.1.2 A percentage of valid OPFA Supplier invoices paid within 30 days	New KPI	**Achieved** 99.7%	100% except in cases where the invoice is under a dispute process or requires an approval outside the approved delegation of authority	**Achieved** 100% (475 / 475 invoices paid within 30 days).	**Not Applicable**	**Not Applicable**

Programme 2: Achieve operational excellence

Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Audited Actual Performance 2021/2022	Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement 2022/2023	Reasons for deviations
2.2 Achieve operational excellence and establish an effective value proposition that will ensure that the OPFA attracts and retains talent	2.2 Percentage implementation of the employment equity plan	2.2 Percentage implementation of Employment Equity plan for the specific areas: % Black employees (including Asians, Indians and Coloureds) % Female employees % Employees with disabilities	**Not achieved** 82.76% Black employees 56.9% Female employees 1.72% Employees with disabilities	**Not achieved** African employees: 84% African employees 55% Female employees 1.6% Employees with disabilities	92% Black employees 51% Female employees 2% Employees with disabilities	**Not achieved** 97% Black employees (63 of the 71 employees) 62% Female employee (44 of the 71 employees) 1% Employees with disabilities (1 of the 71 employees)	Disability profile percentage reduced to 1%	• OPFA's disability profile percentage reduced to 1%, as a result of an increase in the total staff complement from 63 to 71 in the fourth quarter. **Remedial action:** • OPFA employment Equity plan for the 2023-2026 targets African female with a disability for year 2 (2024). • Recruitment adverts to include OPFA Employment Equity requirements including specific encouragement of people with disabilities to apply. • Planned disability awareness workshop to educate employees about disability types to raise awareness of their potential disabilities and encourage them to disclose.

Programme 3: Effective stakeholder engagement

Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement 2022/2023	Reasons for deviations
3.1 Conduct impactful awareness programmes; build meaningful and collaborative stakeholder relationships.	3.1 Implemented activities for stakeholder engagement	3.1 Percentage implementation of activities for stakeholder engagement	**Not achieved** 63% implementation of activities in the approved engagement plan. 3 x Industry conferences 1 x Group breakfast session with stakeholders 1 x visit to Northwest University 8 x Media releases 1 x Annual Report issued 3 x Internal staff meetings	**Achieved** 92% implementation of activities for stakeholder engagement. implemented 12 x webinars/industry conference 2 x determination Releases 15 x media Engagements 1 x annual report 4 x staff meetings	90% implementation of activities for stakeholder engagement (As listed below): 4 x Industry Conferences and Seminars participation 2 x Group sessions with industry Stakeholders 2x Visits to Tertiary institutions 12 x Media releases 1 x Annual Report issued 4X Outreach programmes (Broadcast /Radio interviews-Roadshows 4 x Internal Staff meetings	**Achieved** 469% implementation of activities for stakeholder engagement implemented. 14 x Industry Conferences and Seminars participation 36 x Group sessions with industry Stakeholders 3x Visits to Tertiary institutions 22 x Media releases 1 x Annual Report issued 4X Outreach programmes (Broadcast / Radio interviews-Roadshows 4 x Internal Staff meetings	**Not Applicable**	**Not Applicable**

Programme 3: Effective stakeholder engagement

Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Audited Actual Performance 2021/2022	Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement 2022/2023	Reasons for deviations
3.2 Conduct impactful awareness programmes; build meaningful and collaborative stakeholder relationships	3.2 Implemented activities for stakeholder engagement	3.2 Percentage implementation of activities for stakeholder engagement	**Not achieved** 64.14% Stakeholder satisfaction rate	**Not achieved** 69.22% Stakeholder satisfaction from the Employee Wellbeing Survey	**Not Applicable** Survey is conducted once every three years.	**Not Applicable** To be reported in 2023/24 financial year	**Not Applicable**	**Not Applicable**

PART D:

ANNUAL FINANCIAL STATEMENTS

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ACCOUNTING AUTHORITY'S RESPONSIBILITIES AND APPROVAL

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

The annual financial statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

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

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

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

The accounting authority has reviewed the entity's cash flow forecast for the year to 31 March 2024 and, in light of this review and the current financial position, she is satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements are prepared on the basis that the entity is a going concern and that the entity has neither the intention nor the need to liquidate or curtail materially the scale of the entity.

Ms MA Lukhaimane
Pension Funds Adjudicator
Accounting Authority

Mr U Kamlana
FSCA Commissioner
Former Accounting: Authority

Pretoria
Monday, 31 July 2023

Audit Committee Report

We are pleased to present our report for the financial year ended 31 March 2023. The committee provides oversight on behalf of the accounting authority of the OPFA, the Commissioner of the Financial Sector Conduct Authority, in terms of section 77(c) of the Public Finance Management Act, Act No 1 of 1999 and consists of only non-executive members. The committee is a statutory sub-committee of the accounting authority and does not perform any management functions or assume any management responsibilities. The committee's role is to review, monitor and advise the accounting authority in her responsibility to ensure effective financial, performance and risk management systems at the OPFA. The committee also evaluates, monitors and advises on the system of internal control and their operating effectiveness. The committee ensures that identified financial risks are monitored and appropriate measures are put in place and implemented to manage such risks. Members of the OPFA management, internal auditors and Auditor-General South Africa attend Audit committee meetings by invitation. We are pleased to present our report for the financial year ended 31 March 2023.

Audit committee members and attendance

The audit committee consists of the members listed hereunder and should meet at least 4 times per annum as per its approved terms of reference. During the current year 6 meetings were held.

Name of member	Number of meetings attended
N Esterhuizen	5/6
L Senne	5/6
J Mogadime	6/6
H Ratshefola (Deceased on 15-04-2023)	5/6
P Mvulane	5/6

Audit committee responsibility

The audit committee reports that the OPFA complies with section 55 and section 77 of the PFMA and that it has discharged its duties as required by Treasury Regulations 27.1

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

F. N. Esterhuizen

Mr N Esterhuizen
Chairperson
31 May 2023

Report of the auditor-general to Parliament on the Office of the Pension Funds Adjudicator

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Office of the Pension Funds Adjudicator set out on pages 103 to 138, which comprise the statement of financial position as at 31 March 2023, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Office of the Pension Funds Adjudicator as at 31 March 2023 and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.

4. I am independent of the entity in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other matter

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

National Treasury Instruction Note No. 4 of 2022-23: PFMA Compliance and Reporting Framework

7. On 23 December 2022 National Treasury issued Instruction Note No. 4: PFMA Compliance and Reporting Framework of 2022-23 in terms of section 76(1)(b), (e) and (f), 2(e) and (4)(a) and (c) of the PFMA, which came into effect on 3 January 2023. The PFMA Compliance and Reporting Framework also addresses the disclosure of unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure. Among the effects of this framework is that irregular and fruitless and wasteful expenditure incurred in previous financial years and not addressed is no longer disclosed in the disclosure notes of the annual financial statements, only the current year and prior year figures are disclosed in page 66 of the integrated report. The movements in respect of irregular expenditure and fruitless and wasteful expenditure are no longer disclosed in the notes to the annual financial statements of Office of the Pension Funds Adjudicator. The disclosure of these movements (e.g. condoned, recoverable, removed, written off, under assessment, under determination and under investigation) is now required to be included as part of other information in the annual report of the auditees.

8. I do not express an opinion on the disclosure of irregular and fruitless and wasteful expenditure in the annual report.

Responsibilities of the accounting authority for the financial statements

9. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with Standards of GRAP and the requirements of the PFMA and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

10. In preparing the financial statements, the accounting authority is responsible for assessing the entity's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the auditor-general for the audit of the financial statements

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

12. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the annual performance report

13. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected material performance indicators presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.

14. I selected the following material performance indicators related to Programme 1: Dispose of complaints received presented in the annual performance report for the year ended 31 March 2023. I selected those indicators that measure the public entity's performance on its primary mandated functions and that are of significant national, community or public interest.

- Percentage (%) of complaints received and acknowledged within 2 working days
- Percentage (%) of complete premature complaints referred to respondents by the NCU within 5 working days
- Percentage (%) of complaints closed by the NCU within 2 working days as:
  - Abandoned
  - Withdrawn
  - Duplicates
  - Out of Jurisdiction

- Percentage (%) of complaints referred by CMU that were initially referred by the NCU to respondents for a reply within 5 working days of receipt from NCU/ER
- Percentage (%) of complaints finalised within set timeframes
- Percentage (%) of matters allocated for closure at CMU closed within 2 days as:
  - Abandoned
  - Withdrawn
  - Duplicates
  - Out of Jurisdiction

15. I evaluated the reported performance information for the selected material performance indicators against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the entity's planning and delivery on its mandate and objectives.

16. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the entity's mandate and the achievement of its planned objectives
- the indicators are well defined and verifiable to ensure that they are easy to understand and apply consistently and that I can confirm the methods and processes to be used for measuring achievements
- the targets linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
- the indicators and targets reported on in the annual performance report are the same as what was committed to in the approved initial or revised planning documents
- the reported performance information is presented in the annual performance report in the prescribed manner
- there are adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.

17. I performed the procedures for the purpose of reporting material findings only.

18. I did not identify any material findings on the reported performance information for the selected material performance indicators

Other matters

19. I draw attention to the matters below.

Achievement of planned targets

20. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- and underachievements.

Material misstatements

21. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for Programme 1: Dispose of complaints received. Management subsequently corrected all the misstatements and I did not include any material findings in this report.

Report on compliance with legislation

22. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the entity's compliance with legislation.

23. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

24. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an

understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

25. I did not identify any material non-compliance with the selected legislative requirements.

Other information in the annual report

26. The accounting authority is responsible for the other information included in the annual report . The other information referred to does not include the financial statements, the auditor's report and those selected material indicators in the scoped-in programme presented in the annual performance report that have been specifically reported on in this auditor's report.

27. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.

28. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected material indicators in the scoped-in programme presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

Internal control deficiencies

30. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.

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

Auditor-General

Pretoria

31 July 2023

AUDITOR-GENERAL
SOUTH AFRICA
Auditing to build public confidence

Annexure to the auditor's report

The annexure includes the following:

- the auditor-general's responsibility for the audit
- the selected legislative requirements for compliance testing.

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected material performance indicators and on the entity's compliance with selected requirements in key legislation.

Financial statements

In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

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

Communication with those charged with governance

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

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

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act No.1 of 1999 (PFMA)	Section 51(1)(a)(iv); 51(1)(b)(i); 51(1)(b)(ii); 51(1)(e)(iii) Section 53(4) Section 54(2)(c'); 54(2)(d) Section 55(1)(a); 55(1)(b); 55(1)(c)(i) Section 56(1); 56(2) Section 57(b); Section 66(3)(c'); 66(5)
Treasury Regulations for departments, trading entities, constitutional institutions and public entities (TR)	Treasury Regulation 8.2.1; 8.2.2 Treasury Regulation 16A 3.1; 16A 3.2; 16A 3.2(a); 16A 6.1; 16A6.2(a) & (b); 16A6.2(e);16A 6.3(a); 16A 6.3(a)(i); 16A 6.3(b); 16A 6.3(c); 16A 6.3(d); 16A 6.3(e); 16A 6.4; 16A 6.5; 16A 6.6; TR 16A.7.1; 16A.7.3; 16A.7.6; 16A.7.7; 16A 8.2(1); 16A 8.2(2); 16A 8.3; 16A 8.3(d); 16A 8.4; 16A9.1 16A9; 16A9.1(b)(ii); 16A9.1(c); 16A 9.1(d); 16A 9.1(e); 16A9.1(f); 16A 9.2; 16A 9.2(a)(ii); TR 16A 9.2(a)(iii) Treasury Regulation 30.1.1; 30.1.3(a); 30.1.3(b); 30.1.3(d); 30.2.1 Treasury Regulation 31.1.2(c') Treasury Regulation 31.2.1; 31.2.5; 31.2.7(a) Treasury Regulation 31.3.3 Treasury Regulation 32.1.1(a); 32.1.1(b); 32.1.1(c') Treasury Regulation 33.1.1; 33.1.3
Prevention and Combating of Corrupt Activities Act No.12 of 2004 (PRECCA)	Section 34(1)
Construction Industry Development Board Act No.38 of 2000 (CIDB)	Section 18(1)
CIDB Regulations	CIDB regulation 17; 25(1); 25 (5) & 25(7A)
PPPFA	Section 1(i); 2.1(a); 2.1(b); 2.1(f)
PPR 2017	Paragraph 4.1; 4.2 Paragraph 5.1; 5.3; 5.6; 5.7 Paragraph 6.1; 6.2; 6.3; 6.5; 6.6; 6.8 Paragraph 7.1; 7.2; 7.3; 7.5; 7.6; 7.8 Paragraph 8.2; 8.5 Paragraph 9.1; 9.2 Paragraph 10.1; 10.2 Paragraph 11.1; 11.2 Paragraph 12.1 and 12.2
PPR 2022	Paragraph 3.1 Paragraph 4.1; 4.2; 4.3; 4.4 Paragraph 5.1; 5.2; 5.3; 5.4
PFMA SCM Instruction no. 09 of 2022/2023	Paragraph 3.1; 3.3 (b); 3.3 (c); 3.3 (e); 3.6
National Treasury Instruction No.1 of 2015/16	Paragraph 3.1; 4.1; 4.2
NT SCM Instruction Note 03 2021/22	Paragraph 4.1; 4.2 (b); 4.3; 4.4; 4.4 (a); 4.4 (c) -(d); 4.6 Paragraph 5.4 Paragraph 7.2; 7.6
NT SCM Instruction 4A of 2016/17	Paragraph 6
NT SCM Instruction Note 03 2019/20	Par 5.5.1(vi); Paragraph 5.5.1(x);

Legislation	Sections or regulations
NT SCM Instruction Note 11 2020/21	Paragraph 3.1; 3.4 (a) and (b); 3.9; 6.1;6.2;6.7
NT SCM Instruction note 2 of 2021/22	Paragraph 3.2.1; 3.2.2; 3.2.4(a) and (b) ; 3.3.1; 3.2.2 Paragraph 4.1
PFMA SCM Instruction 04 of 2022/23	Paragraph 4(1); 4(2); 4(4)
Practice Note 5 of 2009/10	Paragraph 3.3
PFMA SCM instruction 08 of 2022/23	Paragraph 3.2 Par. 4.3.2; 4.3.3
NT instruction note 4 of 2015/16	Paragraph 3.4
Second amendment of NTI 05 of 2020/21	Paragraph 4.8; 4.9 ; 5.1 ; 5.3
Erratum NTI 5 of 202/21	Paragraph 1
Erratum NTI 5 of 202/21	Paragraph 2
Practice note 7 of 2009/10	Par agraph 4.1.2
Practice note 11 of 2008/9	Paragraph 3.1 Paragraph 3.1 (b)
NT instruction note 1 of 2021/22	Paragraph 4.1

Statement of Financial Position as at 31 March 2023

Figures in Rand	Note(s)	2023	2022
Assets			
Current Assets			
Cash and cash equivalents	4	25,920,451	20,900,428
Receivables from exchange transactions	5	1,270,393	784,997
Statutory receivables	6	3,380,230	3,318,912
Prepayments	7	1,778,609	597,758
		32,349,683	**25,602,095**
Non-Current Assets			
Property, plant and equipment	8	15,165,132	18,467,738
Intangible assets	9	1,668,058	980,604
		16,833,190	**19,448,342**
Total Assets		**49,182,873**	**45,050,437**
Liabilities			
Current Liabilities			
Payables from exchange transactions	10	4,443,040	4,715,257
Total Liabilities		**4,443,040**	**4,715,257**
Net Assets		**44,739,833**	**40,335,180**
Accumulated surplus		44,739,833	40,335,180
Total Net Assets		**44,739,833**	**40,335,180**

Statement of Financial Performance

Figures in Rand	Note(s)	2023	2022
Revenue			
Revenue from exchange transactions			
Interest revenue		834,816	400,917
Revenue from non-exchange transactions			
Transfer revenue			
Transfers from the Financial Sector Conduct Authority	12	82,729,529	79,302,000
Total revenue	11	**83,564,345**	**79,702,917**
Expenditure			
Auditor's remuneration - external		(1,186,985)	(1,703,401)
Auditor's remuneration - internal		(763,398)	(787,463)
Consulting and professional fees		(1,317,705)	(1,928,732)
Depreciation and amortisation	13	(5,577,235)	(3,750,472)
Information technology, maintenance and support		(8,912,376)	(8,732,522)
Operating lease rentals	14	(6,214,805)	(6,251,374)
Legal expenses		(701,342)	(603,462)
Other operating costs	15	(7,853,072)	(6,828,372)
Personnel costs	16	(46,632,777)	(42,694,829)
Total expenditure		**(79,159,695)**	**(73,280,627)**
Surplus for the year		**4,404,650**	**6,422,290**

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus / eficit	Total Net Assets
Opening balance as previously reported	33,102,898	33,102,898
Adjustments		
Correction of errors - Note 22	809,991	809,991
Balance at 01 April 2021 as restated*	**33,912,889**	**33,912,889**
Changes in net assets		
Surplus for the year	6,422,290	6,422,290
Total changes	6,422,290	6,422,290
Balance at 01 April 2022	**40,335,181**	**40,335,181**
Changes in net assets		
Surplus for the year	4,404,650	4,404,650
Total changes	4,404,650	4,404,650
Balance at 31 March 2023	**44,739,831**	**44,739,831**

* The opening balance of 1 April 2021 has been restated as well as the surplus for 31 March 2022 due to the prior period error on assets. As a result of these changes, the opening balance of 1 April 2022 has also been restated. Refer to note 22 for Prior period error adjustment.

Cash Flow Statement

Figures in Rand	Note(s)	2023	2022
Cash flows from operating activities			
Receipts			
Transfer		82,668,211	78,756,307
Interest		834,816	400,917
Other cash items		61,925	-
		83,564,952	79,157,224
Payments			
Employee costs		(46,539,054)	(43,739,293)
Suppliers		(29,051,921)	(27,154,222)
		(75,590,975)	(70,893,515)
Net cash flows from operating activities	17	**7,973,977**	**8,263,709**
Cash flows from investing activities			
Purchase of property, plant and equipment	8	(2,047,802)	(7,419,263)
Purchase of intangible assets	9	(967,696)	(849,966)
Proceeds from Investing activities		61,546	-
Net cash flows from investing activities		**(2,953,952)**	**(8,269,229)**
Net increase/(decrease) in cash and cash equivalents		**5,020,025**	**(5,520)**
Cash and cash equivalents at the beginning of the year		20,900,428	20,905,948
Cash and cash equivalents at the end of the year	4	**25,920,453**	**20,900,428**

The accounting policies on pages 108 to 121 and the notes on pages 122 to 138 form an integral part of the annual financial statements.

Statement of Comparison of Budget and Actual Amounts

Budget on modified cash basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Interest Received	403,000	-	**403,000**	834,816	**431,816**	
Revenue from non-exchange transactions						
Transfer revenue						
Transfers from FSCA	83,687,096	(957,567)	**82,729,529**	82,729,529	**-**	
Special Levy	6,276,532	(6,276,532)	**-**	-	**-**	
Total revenue from non-exchange transactions	**89,963,628**	**(7,234,099)**	**82,729,529**	**82,729,529**	**-**	
Total revenue	**90,366,628**	**(7,234,099)**	**83,132,529**	**83,564,345**	**431,816**	
Expenditure						
Personnel costs	(54,698,081)	-	**(54,698,081)**	(46,632,777)	**8,065,304**	Note 27
Intangible assets acquisitions	(2,500,000)	-	**(2,500,000)**	(967,697)	**1,532,303**	Note 27
Property, plant and equipment acquisitions	(3,776,532)	-	**(3,776,532)**	(2,047,802)	**1,728,730**	Note 27
Legal expenses	(526,947)	-	**(526,947)**	(701,342)	**(174,395)**	
Depreciation and amortisation	(3,868,000)	-	**(3,868,000)**	(5,577,235)	**(1,709,235)**	Note 27
Lease rentals on operating lease	(8,197,202)	-	**(8,197,202)**	(6,214,805)	**1,982,397**	Note 27
Auditor's remuneration – internal	(647,465)	-	**(647,465)**	(763,398)	**(115,933)**	
Consulting and Professional fees	(1,738,225)	-	**(1,738,225)**	(1,317,705)	**420,520**	
Auditor's remuneration – external	(1,598,441)	-	**(1,598,441)**	(1,186,985)	**411,456**	
Other operating costs	(9,983,382)	-	**(9,983,382)**	(7,853,072)	**2,130,310**	Note 27
Information technology maintenance and support	(6,163,292)	-	**(6,163,292)**	(8,912,376)	**(2,749,084)**	Note 27
Total expenditure	**(93,697,567)**	**-**	**(93,697,567)**	**(82,175,194)**	**11,522,373**	
Surplus/(Deficit)	**(3,330,939)**	**-**	**(10,565,038)**	**1,389,151**	**(9,175,887)**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**(3,330,939)**	**-**	**(3,330,939)**	**1,389,151**	**(1,941,788)**	
Reconciliation						
Basis difference						
Acquisition of Property, Plant and Equipment				2,047,802		
Acquisition of Intangible				967,697		
Actual Amount in the Statement of Financial Performance				**4,404,650**		

Accounting Policies

1. Significant accounting polices

The principal accounting policies applied in the preparation of these annual financial statements are set out below.

1.1 Basis of preparations

The Office of the Pension Funds Adjudicator (OPFA) is a Public Finance Management Act (Act no. 1 of 1999) Schedule 3A public entity and statutory body established in terms of section 30B of the Pension Funds Act, 24 of 1956. The mandate of the OPFA is to dispose of complaints lodged in terms of the Pension Funds Act No.24 of 1956 in a procedurally fair, economical and expeditious manner.

Basis of accounting

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act (Act 1 of 1999).

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

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

1.2 Going concern assumption

These annual financial statements have been prepared based on the expectation that the entity will continue to operate as a going concern for at least the next 12 months. The accounting authority and management are of the view that there's no economic threats that will significantly impact the operations of the OPFA and cash reserves currently available will provide a buffer to ensure the entity meets its short-term commitments as they fall due. The transition and implementation of the Financial Sector Regulation Act No.9 of 2017, changes in Pension Funds Act and the promulgation of Financial Sector and Deposit Insurance Levies Bill will not materially impact the mandate or going concern of the OPFA.

1.3 Materiality

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

Assessing whether an omission or misstatement could influence decisions of users, and so be material, requires considerationof the characteristics of those users. The Framework for the Preparation and Presentation of Financial Statements states that users are assumed to have a reasonable knowledge of government, its activities, accounting and a willingness to study the information with reasonable diligence. Therefore, the assessment takes into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

1.4 Significant judgments and sources of estimation uncertainty

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

Significant assumptions, judgment made by management, sources of estimation uncertainty and/or relating information, have been disclosed in the relating notes.

Accounting Policies

1.4 Significant judgments and sources of estimation uncertainty (continued)

Impairment testing of receivables from exchange and non-exchange transactions

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

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

Impairment testing for non-financial assets

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

Useful lives and residual values of intangible assets

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

Useful lives and residual values of property, plant and equipment

The OPFA reassesses at each reporting date whether there is any indication that entity expectations about the residual values and the useful lives of its property, plant and equipment have changed since the preceding reporting date. If any such indication exists, the entity revises the expected useful life and/or residual value accordingly. The change accounted for as a change in accounting estimate.

1.5 Property, plant and equipment

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

The cost of an item of property, plant and equipment is recognised as an asset when:
- it is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

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

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

Accounting Policies

1.5 Property, plant and equipment (continued)

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

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

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

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

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

Property, plant and equipment are depreciated on the straight-line basis over their expected useful lives to their estimated residual value. Depreciation for PPE commences on the date when the asset is available for use

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses. Property, plant and equipment is not utilised as security by the OPFA for any debt or credit

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

Item	Depreciation method	Useful life
Plant and machinery	Straight-line	10 to 20 years
Furniture and fixtures	Straight-line	5 to 15 years
Motor vehicles	Straight-line	5 to7 years
Office equipment	Straight-line	3 to 15 years
IT equipment	Straight-line	3 to 15 years
Library books	Straight-line	4 to 8 years
Leasehold improvements	Straight-line	Lease period
Signage	Straight-line	Lease period

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

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

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

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

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

Accounting Policies

1.5 Property, plant and equipment (continued)

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

1.6 Intangible assets

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

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

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

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

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

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

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

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

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

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

Internally generated goodwill is not recognised as an intangible asset.

Accounting Policies

1.6 Intangible assets (continued)

Amortisation is provided to write down the intangible assets, on a straight-line basis, to their residual values as follows: Armotisation commences when the intangible asset is available for use

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

1.7 Financial instruments

Classification

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

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

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

Initial recognition and subsequent measurement

Financial instruments are recognised initially at fair value when the OPFA becomes a party to the contractual provisions of the instruments plus transaction cost.

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

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

Receivables from exchange and non-exchange transactions

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

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

Cash and cash equivalents

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

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

Trade and other payables from exchange transactions

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

Accounting Policies

1.7 Financial instruments (continued)

Impairment of financial assets

At each end of the reporting period the OPFA assesses all financial assets, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the entity, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

Impairment losses are recognised in surplus or deficit.

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

Trade receivables and payables are subject to a 30-day collection or payment terms, which is consistent with the terms used in the public sector.Short-term receivables and payables are consequently not discounted and any time value of money is considered immeterial.

Derecognition of financial assets

An entity shall derecognise a financial asset only when:

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

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

1.8 Statutory receivables

Identification

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

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

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

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

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

Accounting Policies

1.8 Statutory receivables (continued)

Recognition

The entity recognises statutory receivables as follows:

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

Initial measurement

The entity initially measures statutory receivables at their transaction amount.

Subsequent measurement

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

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

Impairment losses

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

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

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

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

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

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

Accounting Policies

1.8 Statutory receivables (continued)

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

Derecognition

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

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

The carrying amounts of any statutory receivables transferred are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. The entity considers whether any newly created rights and obligations are within the scope of the Standard of GRAP on Financial Instruments or another Standard of GRAP. Any difference between the consideration received and the amounts derecognised and, those amounts recognised, are recognised in surplus or deficit in the period of the transfer.

1.9 Leases

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

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

Operating leases - lessee

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

1.10 Impairment of cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset’s future economic benefits or service potential through depreciation (amortisation).the Impairment loss is recognised immediately in the Statement of Financial Perfomance as an expense.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised an income.

Accounting Policies

1.10 Impairment of cash-generating assets (continued)

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets used with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.
Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use. Useful life is either:

- the period of time over which an asset is expected to be used by the entity; or
- the number of production or similar units expected to be obtained from the asset by the entity.

Judgements made by management in applying the criteria to designate assets as cash-generating assets or non-cash- generating assets, are as follows:

The OPFA is a public entity and similarly to other 3A public entities, it renders services as mandated by law and not for a commercial return. Funding obtained is only determined based on the cost of operating and not for a purpose of furthering an enterprise. in result, the OPFA is designated a non-cash generating unit

1.11 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted. The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The expected cost of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Retirement benefits

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

1.12 Provisions and contingencies

Provisions are recognised when:

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

Accounting Policies

1.12 Provisions and contingencies (continued)

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

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

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

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

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

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

A provision is used only for expenditures for which the provision was originally recognised.Provisions are not recognised for future operating surplus.

A constructive obligation to restructure arises only when an entity:

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

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

1.13 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

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

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

1.14 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners. An exchange transaction is one in which the entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

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

Accounting Policies

1.14 Revenue from exchange transactions (continued)

For the year under review,the OPFA is funded by the FSCA which is a regulatory body that impose levies to regulated industries in terms of legislation

Measurement

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

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

Rendering of services

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

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

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

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

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

Interest revenue

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

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

Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

Accounting Policies

1.15 Revenue from non-exchange transactions

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

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

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

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

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting entity.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.
Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Recognition

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

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

Accounting Policies

1.16 Comparative figures

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

1.17 Fruitless and wasteful expenditure

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

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

1.18 Irregular expenditure

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

(a) this Act; or
(b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
(c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

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

1.19 Budget information

Schedule 3A Public entities are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

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

The approved budget is prepared on a modified cash basis and presented by economic classification. The approved budget covers the fiscal period from 2022/04/01 to 2023/03/31.

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

1.20 Related parties

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

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

Accounting Policies

1.20 Related parties (continued)

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

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

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

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

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

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

1.21 Events after reporting date

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

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

The entity will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event has occurred. If the identified event is a non-adjusting,the entity will disclose the nature of the event and an estimateof its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, provided non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

1.22 Prepayments

Prepayments are payments made in advance for services or goods that have not been delivered for which the OPFA expects the delivery in the next financial period.

Prepayments are recognised as current assets and are not discounted as the discounting effect thereof is consideredimmaterial.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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2. Changes in accounting policy

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

3. New standards and interpretations

3.1 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2023 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 25 (as revised): Employee Benefits	01 April 2023	Unlikely there will be a material impact
• GRAP 104 (as revised): Financial Instruments	01 April 2023	Unlikely there will be a material impact
• GRAP 21: The Effect of Past Decisions on Materiality	01 April 2023	Unlikely there will be a material impact
• GRAP 1 (amended): Presentation of Financial Statements	01 April 2023	Unlikely there will be a material impact

4. Cash and cash equivalents

Cash and cash equivalents consist of:		
Cash at bank and on hand	7,248,440	10,063,232
Short-term deposits	18,672,011	10,837,196
	25,920,451	**20,900,428**

Included in the Cash and Cash equivalents is an amount of R7 248 440 held with Standard SA for operations and a short term deposit of R18 672 011 held with the South African Reserve Bank.

5. Receivables from exchange transactions

Trade and other debtors	1,270,393	784,997

Receivables from exchange transactions

Receivables become past due if payments are not received by the payment due date. Receivables consist mainly of study assistance which is payable by means of a work back arrangement amortised on a monthly basis over a maximum period of 24 months. As at the 31 of March 2023, none of the receivables from exhange transactions were past due nor impaired.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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6. Statutory receivables from non-exchange transactions

FSCA Debtor	3,380,230	3,318,912

Statutory receivables from non-exchange transactions

The FSCA funds the operations of the OPFA according to section 30R of the Pension Funds Act 24 of 1956. The transfer is based in a total operating budget of the OPFA, which is paid in tranches during the year. The non-exchange statutory receivables are due to payments not received from the FSCA as at year end.

Statutory receivables from non-exchange transactions past due but not impaired

Other receivables from non-exchange transactions which are less than 3 months past due are not considered to be impaired. At 31 March 2023, R 3,380,230 (2022: R 3,318,912) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

1 month past due	3,380,230	3,318,912

7. Prepayments

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

Prepayments

Subscriptions	360,296	48,984
Computer Licenses	906,519	247,775
Licenses	309	309
Computer Support	494,588	294,944
Membership fees	16,897	5,746
	1,778,609	**597,758**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand

8. Property, plant and equipment

	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Leasehold property	6,822,557	(6,259,166)	563,391	6,812,097	(5,614,351)	1,197,746
Plant and machinery	276,849	(139,577)	137,272	276,849	(125,735)	151,114
Furniture and fixtures	1,926,532	(1,225,583)	700,949	1,873,053	(981,716)	891,337
Motor vehicles	386,533	(236,230)	150,303	386,533	(232,592)	153,941
Office equipment	198,216	(145,306)	52,910	255,761	(169,184)	86,577
IT equipment	22,679,950	(9,142,284)	13,537,666	22,649,856	(6,694,445)	15,955,411
Library books	54,150	(32,562)	21,588	73,497	(43,991)	29,506
Signage	39,877	(38,824)	1,053	39,877	(37,771)	2,106
Total	**32,384,664**	**(17,219,532)**	**15,165,132**	**32,367,523**	**(13,899,785)**	**18,467,738**

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Disposal/ scrapped	Depreciation	Total
Leasehold property	1,197,746	10,460	-	(644,815)	563,391
Plant and machinery	151,114	-	-	(13,842)	137,272
Furniture and fixtures	891,337	53,480	-	(243,868)	700,949
Motor vehicles	153,941	-	-	(3,638)	150,303
Office equipment	86,577	-	-	(33,667)	52,910
IT equipment	15,955,411	1,983,866	(53,419)	(4,348,192)	13,537,666
Library books	29,506	-	-	(7,918)	21,588
Signage	2,106	-	-	(1,053)	1,053
Total	**18,467,738**	**2,047,806**	**(53,419)**	**(5,296,993)**	**15,165,132**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand

8. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Disposal/ scrapped	Depreciation	Total
Leasehold property	1,203,636	482,284	-	(488,174)	1,197,746
Plant and machinery	164,956	-	-	(13,842)	151,114
Furniture and fixtures	903,655	103,577	(101)	(115,794)	891,337
Motor vehicles	201,248	-	-	(47,307)	153,941
Office equipment	93,194	-	(17)	(6,600)	86,577
IT equipment	11,703,210	7,113,048	(92,021)	(2,768,826)	15,955,411
Library books	39,779	-	(278)	(9,995)	29,506
Signage	3,158	-	-	(1,052)	2,106
Total	**14,312,836**	**7,698,909**	**(92,417)**	**(3,451,590)**	**18,467,738**

The opening balance of 1 April 2021 has been restated as well as depreciation for 2022/2023 financial year due a prior period error adjustments. Refer to note 22 for detailed information.

9. Intangible assets

	2023			2022		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	5,999,519	(4,331,461)	1,668,058	5,518,398	(4,537,794)	980,604

Reconciliation of intangible assets - 2023

	Opening balance	Additions	Amortisation	Total
Computer software	980,604	967,696	(280,242)	1,668,058

Reconciliation of intangible assets - 2022

	Opening balance	Additions	Amortisation	Total
Computer software	429,520	849,966	(298,882)	980,604

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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10. Payables from exchange transactions

Trade payables	980,327	556,677
Sundry payables	103,115	191,863
Operating lease acrual	1,093,227	1,803,712
Accrued leave pay	2,266,371	2,163,005
	4,443,040	**4,715,257**

11. Revenue

Interest received	834,816	400,917
Transfers received from the FSCA	82,729,529	79,302,000
	83,564,345	**79,702,917**

The amount included in revenue arising from exchanges of goods or services are as follows:

Interest received	834,816	400,917

The amount included in revenue arising from non-exchange transactions is as follows:
Transfer revenue

Transfers from the FSCA	82,729,529	79,302,000

Revenue

The FSCA funds the operations of the OPFA according to section 30R of the Pension Funds Act 24 of 1956. The transfer is based in a total operating budget of the OPFA, which paid in tranches during the year. Interest received is revenue earned from the short term deposit held with the South African Reserve Bank's Corporation for Public Deposits account

12. Transfer Revenue

Transfers from the FSCA	82,729,529	79,302,000

13. Depreciation and amortisation

Property, plant and equipment	5,296,993	3,451,590
Intangible assets	280,242	298,882
	5,577,235	**3,750,472**

14. Lease rentals on operating lease

Premises		
Contractual amounts	5,907,792	5,907,792
Equipment		
Contractual amounts	307,013	343,582
	6,214,805	**6,251,374**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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14. Lease rentals on operating lease (continued)

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments recognised as an operating lease asset or liability.The operating lease liabilities are derecognised when the entity's obligation to settle the liability is extinguished.The operating lease assets are derecognised when the entity no longer anticipates economic benefits or service potential to flow from the asset.

15. Other operating costs

Advertising and recruitment	60,877	89,689
Bank charges	31,583	24,541
Building services	99,254	73,025
Car track	4,342	2,768
Cellphone expenses	92,023	63,969
Cleaning	163,627	314,733
Office plants	26,868	25,079
Consumables	282,412	220,499
Courier Services	6,386	3,282
Covid-19 expenses	26,490	75,349
Electricity and water	791,830	509,753
Flowers and gifts	77,890	41,918
Foreign exchange loss	3,483	340
Fuel, parking, mileage, toll fees and car wash	31,022	24,146
Gain or/(loss) on sale of assets	(8,128)	(215,757)
Insurance	555,012	549,349
Internet expenses	994,750	864,599
Library expenses	2,331	9,850
Licenses	1,855	10,328
Membership fees	44,201	38,113
Off-site storage	338,320	748,485
Postage	162,868	217,968
Printing	100,508	105,810
Printing and stationery	404,927	676,566
Rates and taxes	794,819	798,035
Refuse and sewerage	43,770	50,418
Repairs and maintenance	298,129	87,914
Secretariat fees	15,640	15,640
Staff welfare	155,119	79,871
Stakeholder engagement	223,255	56,281
Strategic planning and workshops	-	8,656
Study assistance	88,942	30,219
Subscriptions	147,731	273,643
Subscriptions and membership fees	22,943	-
Telephone	838,401	747,684
Training and workshop	541,815	146,878
Foreign Travel & Accomodation	178,712	-
Travel and accomodation-Local	209,065	49,981
Executive medicals	-	8,745
	7,853,072	**6,828,372**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	2023	2022

16. Personnel costs

Salaries	37,820,531	34,849,989
Incentive scheme	1,681,648	2,379,900
Retirement annuity and pension fund contributions	3,491,640	3,248,698
UIF	136,237	142,758
SDL	394,541	353,378
Leave Commutation	1,460,343	1,322,131
Workmen's Compensation	66,983	28,894
Leave Liability adjustment	103,366	(1,176,528)
Employee group scheme	527,538	483,447
Other short term costs	69,905	188,144
Long-service awards	36,500	116,500
13th Cheques	107,900	103,186
	45,897,132	**42,040,497**
Remuneration of non-executive directors		
Committee and other fees	735,645	654,332
	46,632,777	**42,692,829**

17. Cash generated from operations

Surplus	4,404,650	6,422,295
Adjustments for:		
Depreciation and amortisation	5,577,235	3,750,472
Gain/loss from sale of assets and liabilities	(8,126)	(215,757)
Other non-cash items	-	28,524
Changes in working capital:		
Receivables from exchange transactions	(485,396)	(416,140)
Statutory receivables	(61,318)	(576,513)
Prepayments	(1,180,851)	534,527
Payables from exchange transactions	(272,217)	(1,263,699)
	7,973,977	**8,263,709**

18. Taxation

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	2023	2022

19. Commitments

Authorised capital expenditure		
Already contracted for but not provided for		
• Property, plant and equipment	773,166	1,654,260
• Intangible assets	1,917,197	-
	2,690,363	**1,654,260**
Total capital commitments		
Already contracted for but not provided for	2,690,363	1,654,260
Authorised operational expenditure		
Already contracted for but not provided for		
• General expenses	1,287,735	385,150
Total operational commitments		
Already contracted for but not provided for	1,287,735	385,150
Total commitments		
Total commitments		
Authorised capital expenditure	2,690,363	1,654,260
Authorised operational expenditure	1,287,735	385,150
	3,978,098	**2,039,410**
Operating leases - as lessee (expense)		
Minimum lease payments due		
- within one year	6,678,161	6,830,929
- in second to fifth year inclusive	-	6,678,161
	6,678,161	**13,509,090**

Operating lease payments represent rentals payable by the entity for its office premises and photocopy machines. Leases are negotiated for an average term of seven years for premises with an 8% escalation rate and for an average term of three years for photocopy machines. No contingent rent is payable.

20. Contingencies Liabilities

In two litigation matters, the counter-parties seeks costs orders against the OPFA, which the OPFA opposes. If the counter- party were successful, the estimated legal costs payable to the counter-party in terms of a costs order is R100 000.00 per matter. The second litigation matter was subsequently withdrawn by agreement between the parties.

Total Contingency liabilities - R100 000

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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21. Related parties

Relationships

Financial Sector Conduct Authority
Schedule 3A Public Entity and under common control of the NationalTreasury

Related party balances

Amounts included in Trade receivable regarding related parties

Already contracted for but not provided for

Schedule 3A Public Entity and under common control of the National Treasury	3,380,230	3,318,911

The FSCA funds the operations of the OPFA according to section 30R of the Pension Funds Act 24 of 1956. The transfer is based in a total operating budget of the OPFA, which is paid in tranches during the year. The non-exchange statutory receivables are due to payments not received from the FSCA as at year end.

Transfers revenue

Financial Sector Conduct Authority	(82,729,529)	(79,302,000)

Shared services costs incurred

Financial Sector Conduct Authority	4,798,927	4,596,674

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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Remuneration of management

Management class: Non-executive committee members 2023

2023

Name	Committee fees	Other remuneration received	Total
T Ajam	19,398	-	19,398
V Balgobind	24,247	-	24,247
N Esterhuizen	64,660	19,398	84,058
P Koch	25,864	-	25,864
S Malatji	25,864	-	25,864
J Mogadime	77,592	-	77,592
P Mokgobu	32,330	-	32,330
L Molebatsi	30,713	-	30,713
D Msomi	72,500	53,724	126,224
P Mvulane	38,796	-	38,796
TL Randall	30,714	-	30,714
H Ratshefola (Deceased on 15-04-2023)	90,524	9,699	100,223
L Senne	35,563	-	35,563
P Sutherland	63,044	21,015	84,059
	631,809	**103,836**	**735,645**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand

21. Related parties (continued)

2022

Name	Committee Fees	Other remuneration received	Total
S Gounden	19,398	-	19,398
J Mogadime	66,277	-	66,277
P Mokgobu	30,713	-	30,713
P Mvulane	25,864	-	25,864
H Ratshefola	95,374	24,786	120,160
N Esterhuizen	38,796	-	38,796
D Msomi	64,337	57,628	121,965
P Sutherland	54,961	19,398	74,359
V Balgobind	17,781	-	17,781
L Molebatsi	19,398	-	19,398
TL Randall	25,864	-	25,864
T Ajam	19,398	-	19,398
P Koch	22,631	-	22,631
S Malatji	29,097	-	29,097
L Senne	22,631	-	22,631
	552,520	**101,812**	**654,332**

Other remuneration received relate to adhoc services that committee members render to the OPFA including perfomance management for executives, pre-meetings and similar engagements.

Management class: Executive management 2023

Name	Emoluments	Incentive bonus	Post-employment benefits	Commutation	Total
M Lukhaimane, PFA	2,845,541	259,050	143,397	249,196	3,497,184
B Makunga, CFO	1,847,489	225,852	93,388	77,442	2,244,171
N Essop, SLA	1,503,862	115,604	75,926	62,961	1,758,353
S Mothupi, SAA	1,628,451	89,299	124,877	39,837	1,882,464
S Dooka-Rampedi, SAA	1,300,511	107,900	76,117	59,615	1,544,143
NG Kutama, SAA	1,287,338	15,222	69,849	55,341	1,427,750
L Jadoonandan, SAA	1,436,379	29,810	21,206	-	1,487,395
W Groenewald, NCUS	1,044,090	60,043	147,945	40,768	1,292,846
S Ntsimane, ITSM	1,681,228	116,694	-	58,133	1,856,055
IK Kotu, HRBP (Resigned December 2022)	667,336	-	32,661	56,921	756,918
	15,242,225	**1,019,474**	**785,366**	**700,214**	**17,747,279**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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21. Related parties (continued)

2022

Name	Emoluments	Incentive bonus	Post-employment benefits	Commutation	Total
M Lukhaimane, PFA	2,586,223	450,000	130,077	274,496	3,440,796
M Thulare, DPFA (Resigned January 2022)	1,807,125	158,400	91,040	265,886	2,322,451
B Makunga, CFO	1,699,605	356,400	85,359	80,477	2,221,841
S Mothupi, SAA	1,540,033	149,773	118,145	63,385	1,871,336
S Dooka-Rampedi, SAA	1,342,326	118,712	67,941	-	1,528,979
V Brancken (Resigned May 2021)	131,599	-	5,020	48,521	185,140
L Jadoonandan (Re-appointed July 2021)	1,006,698	-	14,607	-	1,021,305
NG Kutama, SAA	987,284	-	50,004	-	1,037,288
	11,100,893	**1,233,285**	**562,193**	**732,765**	**13,629,136**

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

PFA – Pension Funds Adjudicator

DPFA – Deputy Pension Funds Adjudicator

SAA – Senior Assistant Adjudicator

HR – Human Resources

CFO – Chief Financial Officer

SLA – Senior Legal Advisor

HRBP – Human Resources Business Partner

NCUS – New Complaints Unit Supervisor

ITSM – Information Technology Senior Management

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22. Prior period errors

In the previous financial years, updates after the assessment of useful lives and residual values of the assets in question which were still in use but fully depreciated was not applied consistently. This inconsistency in reassessing useful lives and residual values during those periods resulted in the depreciation charge being materially overstated.In the current year, management corrected this error by restating the useful lives and residual values of property, plant and equipment which has been applied retrospectively. The effect of this assessment has increased prior year book value of PPE by R970 894 and decrease in Accumulated depreciation of R160 902. This also resulted in an increase of R809 991 in the opening balance of Accumulated surplus/(deficit).

The accrued leave pay and leave liability adjustment accounts were adjusted for R37 636 as a result of an error prior year balance.

In the Statement of financial perfomance, this resulted in a decrease of R160 902 in Depreciation and armotisation, a decrease of the same value on the total expenditure for the year, which resulted in an increase of R160 902. The error in the accrued leave pay resulted in a increase in the leave liability adjustment account of R37 636 and a decrease of the same amount in the surplus for the year.

The decrease in trade payables of R288 911 balance relates to an adjustment that was accounted for in the prior year

The correction of the error(s) results in adjustments as follows:

Statement of financial position		
Decrease trade payables	-	288,911
Decrease opening accumulated surplus or deficit	-	288,911
Increase in payables from exchange transactions	37,636	-
Increase in Property Plant Equipment	-	809,991
Increase opening accumulated surplus or deficit	-	809,991
Decrease in accumulated depreciation	160,902	-
Statement of financial performance		
Decrease in depreciation	160,902	-
Increase in leave liability adjustment	37,636	-

23. Comparative figures

To improve presentation of the AFS, in the Personnel costs note 16, the Leave pay provision charge was separated into Leave commutation and Leave liability adjustment. The effect of this is on note 16, Personnel costs, the Leave pay provision charge balance of prior year adjusted from R107 967 was split into leave commutation of R1 322 131 and leave liability adjustment of -R1 176 527.

Under liquidity risk in prior year, financial liabilities (R4 715 257) were disclosed with non financial liabilities of operatiing lease acrual (R1 803 712) and acrued leave pay (R2 266 371).The operating lease accrual does not have any liquidity exposure. The prior year balance for financial liabilities in the risk management note was adjusted to R748 540. In addition, financial assets in the prior year were adjusted by statutory receivables of R3 318 912 as they are not scoped in on GRAP104.

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24. Risk management

Financial risk management

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

Liquidity risk

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

The entity's financial liabilities mainly consist of Trade and Sundry payables which are presented in the statement of financial position for the year ended 31 March 2023 as part of payables from exchange transaction at R1 083 442 (2022: R748 540),

The entity's financial assets mainly consist of cash and cash equivalents and receivables from exchange at R25 920 451 (2022: R20 900 428) and R1 270 393 (2022: R784 997) respectively. All the identified financial assets and liabilities matured or will mature in less than 12 months and the impact of discounting is considered insignificant and immaterial. The entity has sufficient liquid resources to settle its creditors as and when they fall due. Leave accrual has been included to take into account maximum possible exposure, though management sees the risk as less likely. Consistency was maintained with prior year reporting for users to be able to compare year on year.

The table below analyses the OPFA's's financial liabilities at reporting date

At 31 March 2023	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	1,083,442	-	-	-

At 31 March 2022	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	748,540	-	-	-

Credit risk

Credit risk consists mainly of cash at bank, statutory receivables and receivables from exchange transactions. The OPFA only deposits cash with major banks with high quality credit standing and that are approved by the National Treasury.The OPFA investment policy limits the entity to invest with the Reserve Banks' Corporation for Public Deposits (CPD). Management does not expect the credit risk exposure to materialise in the medium term, if conditions change, then the risk will be mitigated at such a time. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets.

Statutory receivables from non-exchange transactions amounting to R3 380 230 (2022: R3 318 912) consist of funds owed by the FSCA and that had not been deposited to the OPFA's bank account. The credit risk is limited as the OPFA is funded by the FSCA which is a regulatory body that impose levies to regulated industries in terms of legislation.

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24. Risk management (continued)

Receivables consist mainly of study assistance which is payable by means of a work back arrangement amortised on a monthly basis over a maximum period of 24 months. Due to this arrangement, the credit exposure is limited and mitigated to an acceptable level.

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

Financial instrument	2023	2022
Standard Bank Limited	7,248,440	10,055,308
Corporation for Public Deposits	18,672,011	10,837,195
Receivables from exchange	1,270,393	784,997

Market risk

Interest rate risk

As the OPFA has no interest-bearing borrowings or significant interest-bearing assets, the entity's income and operating cash flows are substantially independent of changes in market interest rates. The assumption is that the only item that will be impacted by changes in interest rate is the cash and cash equivalents balance. If it is further assumed that the market interest rate applied by banks in accruing interest income on credit balances is proportionally altered with changes in the prime interest rate. In result, should the balances held in cash and cash equivalents remain constant, the entities cash and cash equivalents would decrease/increase by R129 602 (2021: R104 502) per annum for every increase/decrease by 50 basis points in the prime interest rate with a proportional increase/decrease in market interest rates.

Foreign exchange risk

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

25. Going concern

We draw attention to the fact that at 31 March 2023, the entity had an accumulated surplus of R44 739 833 and that the entity's total assets exceed its liabilities by R44 739 833. A positive cash and cash equivalents balance of R25 920 452 to fund short- term obligations as they fall due.

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

26. Segment information

General information

Identification of segments

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

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26. Segment information (continued)

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

27. Budget differences

Material differences between budget and actual amounts

Personnel costs

During this period vacancies in key position in the case management function and short-term vacancies in human resources due to employee movement resulted in the salaries budget being underspent.

Intangible Assets

The underspending on intangible assets is due to the procurement of a new HR system for which development and payment is structured in a phased approach, the remaining balance is disclosed under capital commitments.

Property, plant and equipment

The underspending in PPE is due to management's decision to put on hold procurement of certain furniture and fittings items until a new office accomodation lease agreement is finalised as well as the outstanding equipment that was procured but not yet delivered as disclosed under commitments as capital commitments in the notes.

Depreciation and armotisation

The overspending relates to budgeted acquisitions of assets which commenced in the prior years being finalised just before the beginning of the current year contributed to higher than budgeted depreciation and armotisation expense.

Information technology and support

Computer support and maintenance relates to ICT services provided by FSCA and other service providers. The over- expenditure is due to the post implementation maintanance and support services costs that are part of capital projects that have been implemented but was initially budgeted for under capital expenditure.

Operating lease rentals

The aggregate underspending is mainly due to straightlining adjustment in compliance with GRAP and additional operating costs like water & electricity being allocated and disclosed under other operating costs.

Other operating expenses

The underspending is attributable to a significant decrease in off-site storage as the expenditure has stabilised in the new contract and the decrease in printing and stationery costs as the OPFA no longer utilises back-up tapes for storage.

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28. Events after the reporting date

The prior year irregular expenditure of R39 293 was condoned as an adjusting event for the year under review and the reconciliation would be included in the annual report as per the new national treasury guidelines on irregular expenditure.

Proclamation no. 3186 and 3187 were published in Government Gazette No. 48291 of 24 March 2023, on thecommencement of Financial Sector and Deposit Insurance Levies Act, 2022 and the commencement of certain provisions of the Financial Sector Regulation Act, 2017, that amend the Pension Funds Act, by the Minister of Finance as they relate to funding and governance requirements of the Office of the Pension Funds Adjudicator, with effective dates of 01 April 2023 and 01 June 2023, as applicable

On 09 June 2023, by agreement, an applicant withdrew their litigation application against the OPFA and resolved that each party will take care of their own costs arising from the litigation.

An Ex tempore judgment of 04 May 2023 granting condonation and dismissing application for leave to appeal with costs was issued in the high court against the OPFA but is still pending a written judgement to enable management decide on the next course of action. management Is still awaiting to study the judgement before concluding on whether to abide by the court ruling as is and pay or lodge an appeal if the review indicates that the judge erred in law.

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